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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,011 Monday February 28 1983 D 8523 B

Ford in Britain and lessons to be drawn from Saarlouis, Page 14

NEWS SUMMARY

GENERAL

Foot says he stays Labour leader

British Opposition leader Michael Foot confirmed that he intended to lead the Labour Party into the next general election.

That follows suggestions that he should step down after the heavy defeat of the Labour candidate in the Bermondsey, London, by-election, in which Liberal Simon Hughes achieved a 9,319 majority in what had been a Labour stronghold.

Deputy leader Denis Healey pledged total loyalty to Mr Foot. Page 16.

'Soviets in Syria'

Israeli Army said four batteries of Soviet SA-5 missiles in Syria were now operational, and manned by several hundred Soviet personnel.

Arens takes over

Israel's new Defence Minister Moshe Arens took over in a low-key ceremony outside the Ministry in Tel Aviv.

Arab rapprochement

Morocco confirmed that King Hassan and Algerian President Chadli Benjedid had had four hours of talks in a border meeting. It was the first time the heads of state had met since the countries broke off relations seven years ago.

New Moscow talks

Chinese delegation headed by Deputy Foreign Minister Qian Qichen arrived in Moscow for a second round of talks aimed at normalising relations with the Soviet Union.

Plea for Umberto

Prince Vittore Emanuele made a plea in Geneva for Italy to allow his father, ex-King Umberto, now 78 and suffering from lung cancer, to be allowed to return home to die. He has spent most of the last 36 years in Portugal.

MP's son arrested

Darion Faccio, son of an Italian MP, was arrested by police in Milan as a suspect Red Brigades terrorist.

Haughey endorsed

Irish Opposition leader Charles Haughey, whose position was under threat because of a bugging scandal, was confirmed as leader of the Fianna Fail Party. Page 2

Nkomo "arrested"

Zimbabwe Opposition leader Joshua Nkomo said police had ordered him to report to them any movements from his Bulawayo home he planned. "This means I am under house arrest," he said. Page 2

Sikh concession

Indian Premier Indira Gandhi announced religious concessions to the Sikh community, including the right to carry daggers on internal flights.

Kabul bomb blasts

Kabul was hit by three big bomb blasts last week, in which several people were killed, the Soviet Army newspaper said.

Briefly...

Earthquakes hit Japan, halting railways near Tokyo, and the Soviet Asian republic Tadzhikistan.

Blizzards killed at least 12 in Turkey and 14 soldiers in Lebanon.

Senegal had its first genuinely multi-party elections since 1960 independence.

EEC environment ministers decide today on whether to impose a permanent ban on importing seal pup skins from Canada and Norway.

Avalanche near Klosters, Switzerland, killed two West German skiers and left three others badly injured.

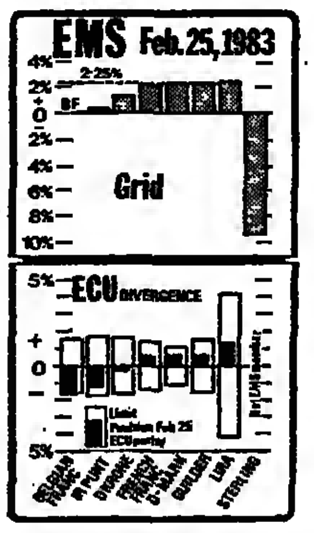
BUSINESS

Chile bid to save industrial debtors

● CHILE will announce measures this week designed to prevent the collapse of about a dozen industrial companies with large foreign debts. It appears ready now to reverse several free-market policies. Page 16

● HONG KONG High Court issued a liquidation order against property group Eda Investments, one of the largest casualties of the 1982 property collapse, on a winding-up petition from Barclays Asia. Page 16

● BELGIAN franc was fixed at its lowest permitted level against the D-Mark on Friday, as pressure increased on the weaker members of the European Monetary System. The franc's weakness prompted the West German Bundesbank to buy a nominal BFr 28m on Friday, the first time it has intervened at the fixing this year.



Strains within the system have been exacerbated recently by renewed speculation about a currency realignment, although such a move is unlikely ahead of next Sunday's general election in Germany. The D-Mark was in second place behind the strongest member, the Italian lira.

The Irish punt remained weak and was placed above only the Belgian franc.

The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

● BERMUDA'S $165m budget has increased taxes on cigarettes, alcohol, and petrol.

● SOUTH KOREA plans to open its market for all commodity trade by 1990 under a gradual import liberalisation policy.

● ARGENTINA raised petrol prices by 13 per cent to keep pace with inflation, running at 221 per cent a year.

● RUMASA'S deposed chairman Jose Maria Ruiz Mateos rejected the Spanish Government's charges against him, saying the group could have continued to function normally. Page 16

● SNCF, the French state railway company, has taken a 10 per cent stake in Hoverspeed, the ferry operation formed by a merger of British Rail's Seaspeed and the Swedish-owned Hoverlloyd. Page 16

● GEORGIA PACIFIC, the U.S. timber group, is to take a 25 per cent stake in an Indonesian project to operate a $405m paper plant in Sumatra. Page 4

● SKF, the Swedish ballbearing and engineering group, reported 1982 pre-tax profits 22 per cent down at SKr 657m ($88m). Page 18

● ALFA-LAVAL, the Swedish farm equipment and engineering group, announced 1982 pre-tax profits 28 per cent up at SKr 657m ($88m). Page 18

Gulf oil states step up pressure for price decision

BY CARLA RAPOPORT IN LONDON

Prospects for a world-wide oil price war intensified over the weekend as Saudi Arabia and its Gulf state allies said they were prepared to slash the price of their crude by as much as $7 a barrel if the Organisation of Petroleum Exporting Countries (Opec) could not agree to cut the Opec reference price by $4 to $30.

At the same time, Dr Mana Said Al-Oteiba, the United Arab Emirates Oil Minister, gave oil exporting countries one week to agree on a new pricing structure, or face a possible price war which, he said, the rich Gulf countries would win.

The Cyprus-based Middle East Economic Survey, which has an excellent record for reflecting Saudi opinion, reported in its latest issue that Saudi Arabia, Kuwait, the UAE and Qatar were making last-ditch efforts to secure Opec support for a $4 cut in its price.

If these efforts failed, MEES said, the Gulf exporters would have no alternative but to lower their prices to perhaps $27 a barrel, in turn clearing the way for a precipitous collapse of world prices.

The Gulf states have been hard hit in recent months by the decline in demand for their crude. They are particularly incensed that other Opec members, such as Libya, Iran and Iraq, have maintained their production by giving discounts on the official price. Dr Al-Oteiba said that Opec's output was now at 13.4m barrels a day (b/d), compared with a 1979 level of nearly 31m b/d.

Saudi Arabia's production is now less than 4m b/d compared with a peak of 10m b/d.

In Abu Dhabi at the weekend, Dr Al-Oteiba said a decision must be taken to "remedy the situation on the oil market within a week, collectively or individually."

Opec Crude Oil Production*
(m b/d)

1978	29.8
1979	30.9
1980	26.9
1981	22.68
1982 (December)	18.5
1983 (current)	13.4

** excluding natural gas liquids*
Sources: U.S. Central Intelligence Agency UAE Oil Ministry

He declared that the Gulf states had the capability to succeed in a price war, as they possessed financial reserves and idle capacities, as well as cheaper production costs than other counties.

"I think the insinuation is very clear to countries within and outside Opec," Dr Al-Oteiba said, apparently referring to the Gulf states' ability to sustain losses while they undercut their competitors'.

Dr Al-Oteiba's sentiments were echoed yesterday by Jassem Al-Koraki, chairman of the Kuwait National Assembly's Economic and Financial Affairs Committee. The Gulf states will "make their own moves and would not be defeated in a price war which is imposed on us," he said.

"If we are now hesitating to slash our prices by $3–$4 a barrel, I am afraid a day which is not too far will come when we will be obliged to cut prices to as low as $20 a barrel," he told the Kuwaiti newspaper Al-Watan.

The Gulf states' tough warnings came as Dr Humberto Calderón Berti, Venezuela's Oil Minister, wound up talks in Abu Dhabi and prepared to return to Paris for more talks today with the Oil Ministers of Algeria and Kuwait.

The Venezuelan Minister said he planned more informal talks in Europe this week with Opec Ministers, including Dr Subroto of Indonesia, Dr Al-Oteiba, and Nigeria's energy advisor, Yahaya Dikko, who is Opec's president.

● Reginald Dale in Washington adds: Dr Al-Oteiba said on American television yesterday that contacts between the Opec countries and non-member producers, such as Britain and Mexico, were still continuing and there were "encouraging signs." If a settlemeot could be reached, he said that the price would settle down at $29 to $30

EEC bid to settle dispute with IBM

By Guy de Jonquieres in London and Giles Merritt in Brussels

THE EUROPEAN Commission has sent proposals to International Business Machines (IBM) which, EEC officials say, could form the basis for a negotiated settlement of their competition case against the large U.S.-owned computer company.

IBM has until mid-April to reply to the proposals. The Commission is insisting that details remain confidential, but officials in Brussels say that the proposals could be described as a "peace-plan" whose terms were negotiable.

IBM confirmed that it had recently received "a document" as part of its continuing exchanges with the Commission. The company wanted to publish the exchanges but the Commission insisted that they remain confidential.

The Commission began competition proceedings against IBM in 1980 after an eight-year investigation into its business practices. The company is accused of using its allegedly dominant position in the European computer market to undermine smaller competitors.

IBM has consistently denied any wrongdoing. It has lobbied intensively in Brussels and other European capitals to try to get the case dropped and in 1981 challenged the Commission's action against it unsuccessfully in the European Court of Justice in Luxembourg.

In January last year, the U.S. Justice Department dropped its 13-year anti-trust case against IBM. But Mr Frans Andriessen, the competitioo commissioner, said sooo afterwards that he intended to press ahead with the European case, which is among the biggest in EEC history.

Since than, however, relations between IBM and the Commissioo appear to have grown warmer. The company has recently talked to the Commission about participating in Esprit, the EEC programme intended to boost the development of Europe's electronics industry, and believes it may be invited to join the project.

The company, which is estimated to have more than 50 per cent of European computer markets, is keen to expand further in the EEC, particularly in the field of telecommunications. But its planning has clearly been overshadowed by the competition case.

U.S. industry analysts say thet IBM has adopted a much more aggressive approach on the American market since the Justice Department case was dropped. The compa-

Continued on Page 16

Volcker and Regan say rates too high

BY REGINALD DALE IN WASHINGTON

MR PAUL VOLCKER, chairman of the U.S. Federal Reserve Board, said yesterday he thought U.S. interest rates were still too high and should contioue to come down.

The same view was expressed by Mr Donald Regan, the Treasury Secretary, who said the prime rate, which fell to 10½ per cent at the end of last week, should be in the 8 to 8 per cent range.

With U.S. inflatioo now running at an annual rate of just over 2 per cent, real interest rates were much too high and could still fall dramatically, Mr Regan said.

Mr Regan said the Fed had recently been "on the loose side," with the money supply. This had helped to stimulate economic recovery but he thought the Fed should now "slow down." The Fed had to "walk a very narrow path," he added.


Mr Paul Volcker

Mr Volcker said he assumed recovery had started in January but it was still uncertain how long and how strong it would be. He wanted to "put the conditions in place" to keep it going.

While he thought interest rates would fall, there were "some hazards." The main one was the likely future level of the U.S. budget deficit, the other the risk that inflation would start to rise again.

Mr Volcker welcomed the recent strength of the dollar but said it could be overdone. "You can have too much of a good thing," he said on American television.

Speaking separately, Mr Regan said it was entirely possible that the $208bn budget deficit estimated for the current year (fiscal 1983) could be lower than originally forecast because of the strength of the recovery and the added stimulus of lower oil prices.

Admitting that the oil price drop was a political windfall for President Ronald Reagan, he said the ultimate effect could be an extra full percentage on the American growth rate. He thought the oil price would settle down at between $25 and $30 a barrel.

He opposed the idea that has been canvassed in some quarters of a tax on imported oil. U.S. taxes did not oeed to be increased at the moment, he said.

Both Mr Volcker and Mr Regan welcomed the decline in oil prices but accepted that it could cause financial problems for banks. Both, however, said they thought any such problems could be contained.

Industry optimistic on upturn in UK economy

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

BRITISH industry may at last be starting to pull out of recession, according to an important survey of companies published today.

Manufacturers are more optimistic that output is set to recover than at any time since 1979, according to the latest monthly Trends Inquiry for February published by the Confederation of British Industry (CBI).

The number of companies which believe stocks are too high was also the smallest since June 1979, when economic activity was near its last peak. The monthly Trends Inquiry, which painted a consistently gloomy picture of the state of industry last year, has a high reputation for its predictive accuracy. It is based on a survey of about 1,700 companies.

Sir James Cleminson, chairman of the CBI's economic situation committee, described the results as "encouraging" but warned yesterday, that the improvement in February was from a very low base and said it would be a mistake to make too much of one month's results.

Nevertheless the CBI's economists are optimistic that the February figures may mark a turning point in the fortunes of the economy, since they are in many ways the best since the onset of the recession.

A balance of 8 per cent of companies is expecting output to improve during the next four months. This is a sharp improvement since the turn of the year when 10 per cent expected output to deteriorate.

The balance believing that their order books were below normal fell sharply from 55 per cent in December and January to 46 per cent in February. This is a more encouraging figure than any recorded last year except in March, when there was some brief optimism that the economy was set to recover. The balance believing export orders were "below normal" also fell sharply compared with January to a level comparable with that recorded last spring.

The balance of replies indicating that stocks were too high fell to 13 per cent compared with 23 per cent last summer, when a new round of de-stocking began.

These optimistic pointers are in line with last week's predictions by two major independent forecasters, who expect a modest recovery of output this year. The London Business School believes output in 1983 will be 1.8 per cent higher than last year's level, while the National Institute of Economic and Social Research predicted a recovery of 1.4 per cent in the absence of budget tax cuts.

Although there has been no direct evidence from official figures yet that industrial output has begun to rise, last week's trade figures, showing a sharp rise in imports in January, do suggest that activity may be picking up.

The build-up of consumer spending in the second half of the year raised the volume of retail sales in the last quarter by 5 per cent compared with a year earlier, but this was not reflected either in increased imports or in increased output.

Instead increased sales appear to have depleted manufacturers' and wholesalers' stocks. The CBI survey suggests this process may now have come to an end, and the surge of imports recorded in January would be consistent with a rebuilding of stocks by importers. Any slower rate of destocking or a rebuilding of stocks might also be expected to lead to an increase in manufacturing output in the early months of this year.

Fuel economy rule may hit Jaguar

BY JOHN GRIFFITHS IN LONDON

JAGUAR'S RUNAWAY sales success in the U.S. will cost it at least $4.2m in "fines" this year if plans to sell 12,000 cars there are realised.

That is the cost to BL's luxury cars division of falling to comply with federal Corporate Average Fuel Economy (CAFE) standards for 1983. These require a manufacturer's car range to have average fuel economy of 26 miles per gallon this year.

Jaguar, which sells the 4.2 standard and Van Den Plas saloons and the V12 XJS sports coupe in the U.S., misses the targest by over 7 mpg at 18.8 miles per gallon.

Thus under federal legislation, it is required to pay a penalty of $50 for every mile per gallon short of the standard on every car sold, or $350 per car.

The penalties do not, however, mean that Jaguars are far more "thirsty" than other manufacturers' products. It is simply that most other companies have economical

Continued on Page 16

Yawning gap, Page 14

West German outlook improves

BY JONATHAN CARR IN BONN

NEW EVIDENCE of an improvement in the West German business climate emerges in a survey today by the IFO economic research institute of Munich.

The survey shows that industrialists – especially in the construction sector – are happier about the outlook for the next six months, and that even the depressed retail trade is mildly encouraged.

Special factors are partly responsible for the improvement – for example very mild winter weather which has allowed builders to operate. Their orders, in turn, have fed back to boost other industrial sectors.

However, the IFO survey of business opinion is of particular interest because it covers January, the first month after the end of a government-sponsored bonus scheme.

It had been widely feared that after the sharp rise in industrial orders in December, placed by businessmen taking advantage of the plan at the last moment, the January figures would plummet.

IFO reports that domestic orders in January were down, though not by a lot, and that export demand held up well, above all for electrical engineering products.

Much the same went for the mechanical sector – although it remains deeper in the trough of recession than the electricals business – and for vehicle manufacturers, who were able to reduce their stocks of unsold cars

Members of the government parties continue to seize on every scrap of positive evidence about the economy in the run-up to next Sunday's general election.

The IFO survey – traditionally one of the most reliable of independent reports on West Germany's business climate – does indicate that there are some genuine grounds for optimism, despite unemployment now at around 2.5m and rising.

CONTENTS

Haughey triumph at party conference

By Brendan Keenan in Dublin

THE IRISH oppositioo leader Mr Charles Haughey, established himself as the undisputed leader of the Fianna Fail party during a triumphant annual conference at the weekend.

More than 8,000 delegates packed the hall at the Royal Dublin Society on Saturday night, to hear Mr Haughey's speech, while thousands more were locked outside.

Those inside cheered Mr Haughey in a demonstration such as few Irish political leaders have received in recent times

Some of the loudest cheers were reserved for Mr Haughey's remarks on Northern Ireland, which marked a return to straightforward Republican rhetoric. Mr Haughey called for a constitutional conveotioo "convened on the basis that it would be a prelude to a final withdrawal of Britain from freland within the stipulated period of time."

His speecb will strengthen the view that Fianna Fail with Mr Haughey firmly in control may become more Republican. This may make it more difficult to achieve the all-party approach being sought by Mr John Hume Leader of Ulster's main Catholic party the SDLP.

Assam's new leader faces further violence

BY K. K. SHARMA IN GAUHATI, ASSAM

A 13-MEMBER Congress (I) cabinet, led by Mr Hiteswar Sakia, was yesterday sworn in amid elaborate security precautions as the new government of the violence-rocked north-eastern state of Assam, thereby ending the electoral process that, in the past month, has cost an estimated 3,000 lives.

News of the swearing in of the new administration was received in Gauhati, the tense capital of Assam, by a sullen population. There was no aense of relief, as it clearly heralds an intenaification of the month-long turmoil.

The militant students who spearheaded the agitation let it be known that they would not allow the Government to function. A civil disobedience movement is to be launched immediately with the aim of paralysing the administration and economy of the state.

This is certain to lead to more violence, more killings and more strife between what are now warring ethnic, linguistic and cultural communities in Assam. This is exacerbated by tribal uprisings against both Assamese and Bangali immigrants.

This means not only that there is no early end to the violence but also that Assam will cost an enormous amount to the Indian Government just to keep the present—and totally inadequate—security arrangements going.

Gauhati is like a town under seige. The streets are heavily patrolled by armed paramilitary forces, and the feeling of fear is all pervasive. Conditions in the interior of Assam are said to be even more grim and in the districts where violence has been particularly bad, there is virtually martial rule.

Killings, sectarian strife, burning of villages and mob violence are reported every day and the army has been deployed in strength in such districts as Nowgoog and Darrang where massacres occurred in the last two weeks. In some places, the army is staging flag marches in a show of force that has not been effective so far.

There are two serious repercussions of the violence. First, thousands of people have become homeless and an enormous refugee problem is adding to those of officials in Assam. The refugees are already flowing to adjacent states, like West Bengal, and this is bound to cause further strains among the communities.

Second, the violence is certain to affect the economy of Assam. This could he serious because Assam yields more than 5m tonnes of oil and the bulk of tea exports from India. If production of oil and tea is affected—and this is said to be the aim of the agitators—the Indian economy will be badly affected.

Optimism over Israeli withdrawal prospects

BEIRUT—Philip Habib, U.S. presidential envoy, wound up four days of intensive talks with Lebanese leaders on Saturday and prepared to go to Israel in a bid to speed up agreement on withdrawal of foreign armies from Lebanon.

Government spokesmen declined to comment on the outcome of the talks. However, one, who refused to be named, said the American troubleshooter was now aware of how far Lebanon would go for a troop withdrawal agreement with Israel.

"There are limits that Lebanon cannot possibly cross in the field of security arrangements and future relations. If Habib can swing a compromise with the Israelis in these areas, then one can say an overall agreement may not be far away," he said.

Mr Habib held conferences on Saturday with Lebanese President Amin Gemayel, Prime Minister Shafik al Wazzan and Foreign Minister Elie Salem. Habib's top assistant, Morris Draper, simultaneously held a marathon meeting with Lebanon's chief negotiator, Antoine Fattal.

In an interview published in the English-language Beirut weekly Monday Morning, Mr Wazzan said the current American push to forge an agreement between Israel and Lebanon was characterized by "new energy and vitality."

Wazzan said he was hopeful the withdrawals could be completed before the start of the 1984 presidential campaign in the United States. He added, however, that "we have become very cautious about deadlines." though he believed there w... now a reasonable chance of achieving the beginning of Israeli withdrawals.—AP

David Lennon in Tel Aviv writes: The comiog months will be critical for Israel's relations with the U.S., according to Professor Moshe Arens, the former Israeli ambassador in Washington, who yesterday took up his new post as Defence Minister.

Addressing his first Cabinet meeting as a Minister, Professor Arens reviewed the current state of relations between the two countries, which have deteriorated sharply

Swiss reject energy proposal

By John Wicks in Zurich

A PROPOSAL which would bave given the Swiss Federal Government constitutional powers to direct national energy policy was thrown out in referendum this weekend.

The motion, which had already been approved by both houses of parliament, was aimed at what the Federal Council termed the "guaranteeing of an adequate, economic and ecologically acceptable supply of energy."

It would bave allowed the Federal authorities to lay down principles for the economic and rational use of energy, to issue regulations regarding the use of energy by plant, equipment and vehicles and to promote technologies to save on energy consumption and development of new forms of energy.

The motion bad been opposed only by the extreme left and right-wing parties, the independent "Landesring" and the trade union federation.

The rejection of the proposal resulted from a combination of right-wing fears that the Government would intervene too much in the energy sector

Nkomo placed 'under virtual house arrest'

BY OUR FOREIGN STAFF

MR JOSHUA NKOMO, the Zimbabwe opposition leader, accused by Mr Robert Mugabe, the Prime Minister, of plotting a coup, was placed under virtual house arrest yesterday.

Mr Nkomo, 65, the president of the Zimbabwe African Peoples Union (Zapu) told news agency reporters that police issued him with an order yesterday morning requiring him to inform police any time he wishes to leave his fenced bungalow in the black township of Pelendaba outside Bulawayo.

Mr Mugabe accused Mr Nkomo in a speech at the weekend of seeking South African help to topple the Government. Mr Nkomo said "these are all lies, totally untrue."

These exchanges are the latest in a welter of cross accusations set against a background of rising violence sweeping the province of Matabeleland.

Agency reports say that the Matabeleland-based Zapu claims Government troops have killed, beaten or raped hundreds of men, women and children in a month long campaign against dissidents.

The Government has strongly denied responsibility blaming the blood-letting on rebels fighting to overthrow Mr Mugabe.

Accurate figures of casualties are impossible to arrive at because large areas of western Matabeleland are sealed off by troops and no traffic is allowed in or out unless on Government business.

Church officials and non-governmental relief workers interviewed by Reuter near and in Bulawayo, the capital of Matabeleland, said they had reliable reports of at least 1,000 dead

Mr Justin Nyoka, the Zimbabwe Information Director, accused the foreign press of reporting what he called rumours and gossip inspired by Mr Nkomo's Zapu about alleged atrocities.

Foreign journalists are officially forbidden to enter the troubled areas.

Hassan and Chadli meet over Sahara

BY FRANCIS GHILÈS IN LONDON

THE HEADS of state of Algeria and Morocco met at the weekend for the first time since the two countries severed diplomatic relations over the Western Saharan issue, seven years ago.

A statement issued by the Algerian Ministry of Foreign Affairs yesterday made clear that the main point of the meeting had been to discuss the war in the Western Sahara.

The statement said that Algeria was willing to mediate between Morocco and the Polisario guerrillas to reach a solution based on "the inalienable right of the people of the Western Sahara to self-determination and independence."

The Western Sahara has been administered by Morocco since the former colonial power, Spain, left in February 1976.

Morocco severed diplomatic links with Algeria in March 1976, when the latter recognised the Saharan Arab Democratic Republic (SADR), proclaimed by Polisario, who have been fighting, since 1975, for the independence of the territory.

King Hassan crossed the Algerian border to see President Chadli in the hamlet of Akid Lutfi, which lies between the town of Oujda and the Algerian town of Maghnia. The two heads of state were accompanied by their respective foreign ministers, M M'Hamed Boucetta of Morocco and M Ahmed Taleb Ibrahimi.

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COMPANY NOTICES

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STATISTICAL TRENDS: STEEL

Production decline varies widely

IN 1982, world steel production fell sharply for the third successive year, reaching a point below the 1975 level. Prospects for the future seem gloomy.

Last year the European Commission predicted that demand for finished products in 1985 would still be slightly below that in 1978. The Organisation for Economic Co-operation and Development (OECD) sees no grounds for optimism.

Underlying the crisis in steel are a number of factors, not least of which is of course the sharpness of the general recession. Since 70 per cent of steelmaking is related to capital investment — to machinery and construction, which tend to be the "leaders" in the recession—demand for steel was bound to drop in response.

In addition, there has been both a fall in production in motor vehicles and a decline in the amount of steel used per car.

Commentary by Our Economics Staff; data analysis by Financial Times Statistics Unit; charts and graphs by Financial Times Charts Department.

While production of steel fell in almost every major industrialised country in 1982, the margins of decline varied widely, with the U.S. suffering the higgest fall by far.

In contrast, nearly every developing country saw productioo rises, especially the East Asian producers. Although the share of world productioo represented by the "newly industrialising countries" remains small, it presents a threat to the older producers in particular markets, as well as increasing the problem of overproduction.

Sonth Korea, for example, still imports 40 per cent of its consumption, hnt exports over half its production. It has been taking parts of Japan's far eastern markets and even a small slice of the Japanese home market.

The enormous growth of output achieved in the period 1960-74 depended substantially on exports to the developing countries. Net exports grew from 12m to 43m tons. But since then, they bave hardly increased at ell, as tbe expansion of production of steel in these areas has been twice as fast as their consumption.

While the severe problems suffered hy particularly Brazil and Mexico is bound to affect future capacity growth, there is no prospect of a returo to the situation of steel prodoction being confined to the advanced couotries.

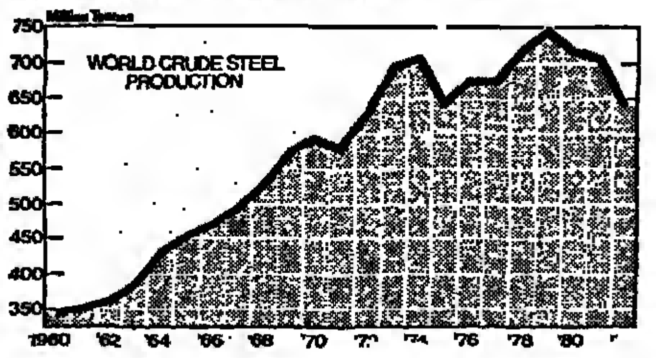
The massive losses suffered hy the large steel-producing companies heve led to attempts to cut cepacity, but hy no means uniformly. Italy, for example, only began to cut back last year. The general effect of the crisis in steel has been to sharpen trading tensioos.

The U.S., as a reletively uncompetitive producer, has seen the most rapid effects oo its domestic market, though in fact the surge in Europeen exports to America occurred in 1981. The shrinking of the U.S. market is responsible for the higher import penetration in 1982.

The ratiooalisation of steel has led to drastic falls in employment, hitting particular regions very sharply. It hes also led to an eccelera-tioo of technical change.

The figures on production hy process reveal wide differences, pointing up the relative technical hackwerdness of the U.S. end eveo more of the USSR and Eastern Europe.

The data on direction of trade shows the diversification of Japanese markets, but the crucial importance of Asia. The EEC producers trade overwhelmingly with each other and with other European countries.



Background

GROWTH RATES OF REAL DOMESTIC FIXED CAPITAL FORMATION

	Total economy (% p.a.) 1960-73	1973-81	Manufacturing 1960-73	1973-80
Belgium	5.1	0.9	5.2	−2.0
France	7.6	0.4	6.8	1.7
W. Germany	4.4	0.9	3.4	1.2
Italy	4.3	0.9	4.1	−1.1
Netherlands	5.7	−1.0	5.9	1.7
UK	4.5	−0.9	1.5	0.6
W. Europe	5.6	0.3	4.8	1.2
U.S.	4.5	−0.4	4.4	4.5

* Weighted average.

Source: Economic Commission for Europe

Steel

FIXED INVESTMENT (% changes)

	Investment goods UK	U.S.	W. Ger	Japan	Construction UK	U.S.	W. Ger	Japan
1977	3.6	16.0	8.1	2.5	−7.0	11.5	1.2	1.7
1978	7.0	13.8	8.3	6.6	0.6	5.8	2.6	6.6
1979	9.1	6.2	9.5	11.8	−6.3	1.1	5.7	−1.0
1980	2.7	−2.6	2.5	6.5	−8.5	−11.5	3.7	−9.6
1981	−6.5	2.4	−3.4	1.7	−10.1	0.7	−4.2	−1.1
1982	−0.9	−5.2	−7.4	−0.4	7.9	−4.8	−7.1	−4.2

Source: OECD

Production

INDUSTRIAL COUNTRIES: STEEL PRODUCTION (m tonnes)

	1982	% change
USSR	147.5	− 0.68
Japan	99.5	− 2.09
U.S.	65.7	−40.06
W. Germany	35.9	−13.78
Italy	24.0	− 3.21
France	18.4	−13.36
Poland	15.0	− 4.57
Czechoslovakia	15.0	− 1.77
UK	13.8	−11.56

Source: IISI

TOP TEN STEEL PRODUCERS, 1981 Output (m tonnes)

Nippon Steel	29.64
U.S. Steel	21.22
Bethlehem	15.16
NKK Steel	14.55
Finsider	13.90
BSC	13.24
Thyssen	11.81
Kawasaki	11.40
Sumitomo	11.38
Arbed	11.02
Share of top ten in IISI production	21.7%

Source: Metal Bulletin

STEEL PRODUCTION IN DEVELOPING COUNTRIES (m tonnes)

	1981	1982	% change	% Share of output 1981	1982
Brazil	13.2	13.0	− 1.62	1.9	2.0
S. Korea	10.8	11.8	+ 9.30	1.5	1.8
India	10.8	11.0	+ 2.05	1.5	1.7
Mexico	7.6	7.1	− 7.17	1.1	1.1
N. Korea	5.5	5.8	+ 5.45	0.8	0.9
Taiwan	3.1	4.1	+29.75	0.4	0.6
Argentina	2.5	2.9	+14.95	0.3	0.4
China	35.6	37.0	+ 3.93	5.0	5.7

Source: IISI

APPARENT STEEL CONSUMPTION Kg per capita crude steel equivalent

	1938	1980
U.S.	314	508
France	132	373
UK	227	247
Italy	52	458
Japan	84	629
USSR	103	562
China	3	45
Brazil	8	116
Mexico	11	152
Spain	15	233

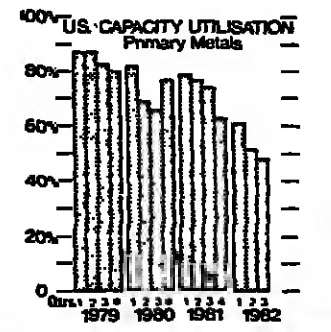
Source: Economic Commission for Europe

STEEL PRODUCTION BY PROCESS (%)

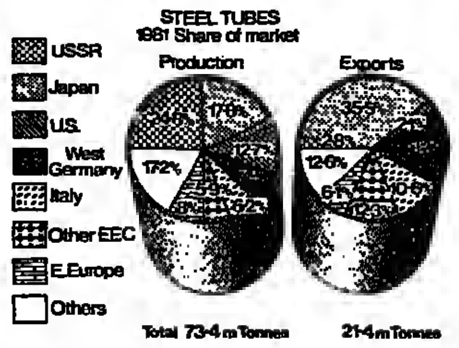
	Open hearth	Oxygen converter	Electric	Other
Japan*	—	75.2	24.8	—
U.S.*	11.2	61.1	27.7	—
W. Germany*	3.9	80.2	15.8	—
Italy	1.7	45.3	53.0	—
USSR	60.2	29.2	10.1	0.5
India	57.9	20.4	20.0	1.7
S. Korea	1.2	69.2	29.7	—
Taiwan	—	32.9	67.1	—
Poland	46.7	39.3	14.1	—
E. Germany	62.4	9.2	26.9	1.5
Brazil	9.1	64.9	26.0	—

* 1981. Remainder 1980.

Source: Metal Bulletin



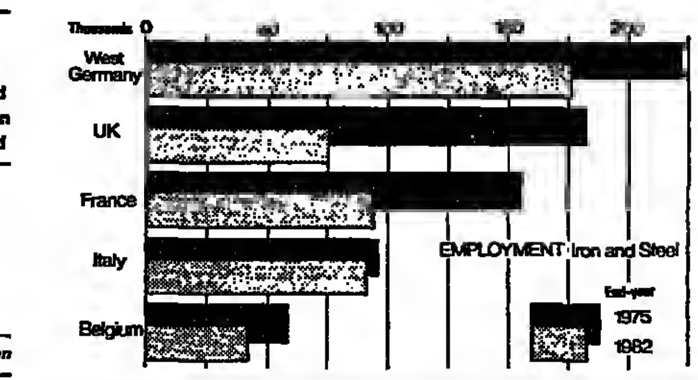
Labour



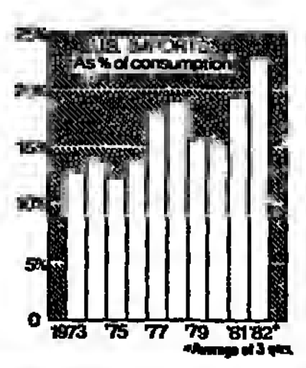
EEC — PRODUCTIVITY

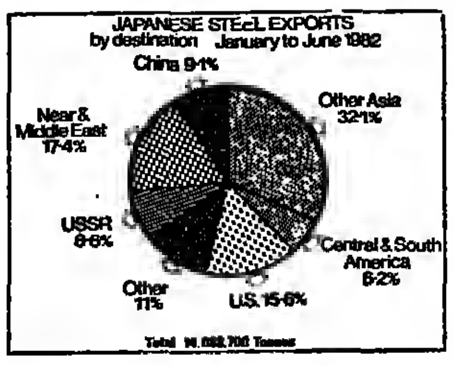
	Crude steel production m tonnes	Average number employed 000s	Tonnes produced per person employed
1970	137.6	790	174
1975	125.2	767	163
1979	140.7	680	207
1980	127.7	636	201
1981	125.1	569	220
1982	110.4	534	207

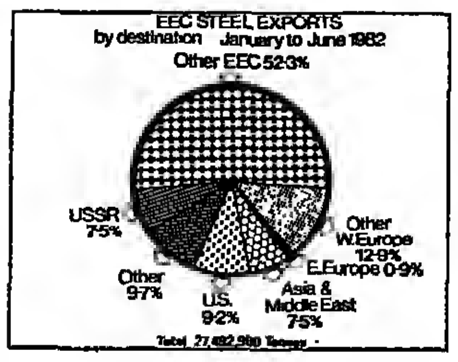
Sources: Eurostat & EEC Commission



Trade







Capacity

WESTERN STEEL PRODUCTION AND CAPACITY (m tonnes)

	1981	1982	1983	1984	1985	Annual % change 81-85
Steel production	460	420	470	503	525	+3.4
Less: User inventory accumltn.	−10	−15	+5	+5	+10	—
Steel consumption	470	435	465	498	515	+2.3
Steelmaking capacity	565	545	540	535	535	−1.4
% operating rate	81.4	77.1	87.0	94.0	98.1	+4.8

Source: Paine Webber Mitchell Hutchins

LATIN AMERICAN STEEL CAPACITY

	Installed capacity 1980	Future capacity* 1990	Future capacity† 1990
Argentina	5.0	11.9	7.6
Brazil	16.0	40.9	37.8
Colombia	0.5	1.9	1.6
Mexico	9.5	17.3	17.3
Venezuela	2.5	10.4	7.1
Central America	1.1	1.5	1.5
Other	1.4	5.8	3.9
Total	36.0	89.7	76.5

* If all projects carried out. † If 70% of projects carried out.

Source: Economic Commission for Latin America

WORLD TRADE NEWS

U.S. company to run new $400m paper plant in Indonesia

BY RICHARD COWPER IN JAKARTA

GEORGIA PACIFIC, the US timber company, has signed a joint venture contract with the Indonesian Government and a private Indonesian company to operate a $405m kraft paper plant in Northern Sumatra.

Georgia Pacific will take a 25 per cent equity stake in the venture, while the Indonesian Government will take 50 per cent and PT Alas Helau, a private Indonesian timber company, will take the remaining 25 per cent. The plant will be managed and operated by Georgia Pacific and is due to come fully onstream in 1985. It will bave a capacity to produce 180,000 tonnes of kraft sack paper and kraft paper per year.

A substantial proportion of the financing for the project will come from Japan. The Export Import Bank of Japan is expected to come up with around $214m to cover supplies and construction work provided by Hitachi Zoseo and Nichimen, both of Japan. The rest is expected to come in the form of commercial loans financed through Saloman Brothers of New York.

According to Mr Hartato Indonesia's director general for basic chemical industries, the Government had become increasingly concerned at the country's growing import bill for paper products. These imports bave almost doubled in the last five years from about $120m in 1977 to an estimated $215m last year.

In addition to the kraft paper plant in North Sumatra the Government is also planning another paper plant at Cilacap in central Java. Mr Hartato says that when both these are onstream by 1986 Indonesia will be more than self sufficient in kraft peper

Georgia Pacific is one of the most successful integrated timber companies in Indonesia. It bas expanded its operations raptdly in the past few years.

Canada, U.S. air fares row

By Nicholas Hirst in Toronto

AN EXTRAORDINARY row over cheap flights has broken out between the U.S. and Canada. It could prevent 56,000 Canadians from using discount tickets.

In an unprecedented action the U.S. Civil Aeronautics Board, backed by President Reagan, has outlawed bargain rate fares offered by Air Canada to American cities

The U.S. State Department has said that passengers holding the cheap tickets will be denied entry into the U.S. The Canadian Government has threatened retaliation against six American carriers given permission to match the Air Canada cut rate tickets.

Negotiations were continuing at the weekend to resolve the dispute.

The row is rooted in a longstanding disagreement between the U.S. and Canada over air routes and fares between the two countries.

Moscow moves to expand Buenos Aires link

BY JIMMY BURNS IN BUENOS AIRES

"LEARN RUSSIAN, your country needs it," headlined a recent advertisement ln the Argentine press. Beneath lt, the announrement that a learned Moscovite language professor was coming to Buenos Aires looked odd squeezed between reports of political crises and foreign debt problems. But it does epitomise tbe peculiar importance this aulhoritarian Latln American state attaches to its relatlonship with the Soviet Union.

A sense of this importance was underlined with the arrival in Buenos Aires last week of a high level trade mission headed by Mr Boris Gordeev, the Soviet deputy minister for commerce. This is being followed tbis week with a visit to Moscow by a team from the Argentine Ministry of Industry and Mining.

Thanks largely to Argentina's refusal to go along with the U.S. grains embargo against the Soviet Union in January, 1980, Buenos Aires has carved out for itself and maintained a convenient niche as one of Moscow'a major suppliers of grain. In 1980 the USSR quadrupled its purchases of Argentine grain and oil feed to 7.58m tons from 1.86m in 1979. Last year an estimated 75 per cent of Argentina's exported grains surplus went to the Soviet Union.

The Gordeev mission is in Buenos Aires to discuss expanding current Soviet-Argentine trade ties which are focused on a five-year grain agreement signed in 1980. The agreement allows for the USSR to buy a minimum of 3m tons of maize, 1m lons of sorgum and 500,000 tonsh of soya beans annually. Until now lhe Soviet Union has given little indication of reducing its purchases from Argenlina as a resull of the lifting of the U.S. embargo. On the contrary, Argentine officials hope to exploit tbeir reputation in Soviet circtes as a "rellable trading partner."

There is a feeling in Buenos Aires, however, that the Soviets may be losing patience in wbat has developed into a somewbat imbalanced relatlonship. Since 1980 Argentine grain exports to the Soviet Union have extended beyond the range of the medium-term agreement to include wheat. But while the Soviet Union has become one of Argentina's main sources of foreign exchange, Argentine imports from the USSR have not kept pace. Recent trade figures are not available, but in the first 10 months of 1982, Argentloe exports to tbe Soviet Union are eslimated at $1.4bn compared to imports of $21m.

Arguably the figures understate the nature of the Sovlet presence in Argentina. This goes beyond lhe over-sized Soviet embassy and the regular cultural visits, including the highly popular Moscow circus.

Slowly but surely, ln recent years the Soviets have taken advantage of the equivocations of the Europeans and the U.S. and have established a foothold in two strategic areas of Argentine industry: nuclear power and hydro-electricity.

Argentina has been the subject of concern in the Vienna-based Internallonal Atomlc Energy Agency on account of its refusal to sign the 1968 international non-proliferatlon treaty (NPT) or to ratify a 1967 treaty barring nuclear weapons development in Latin America.

Buenos Aires has doggedly pursued its objecclve of bnllding seven nuclear power stations by the end of the century and has kept its options open on whether to go for peaceful or hostile uses. The true extent of Soviet nuclear co-operation has been a well-guarded secret, but it is understood to include the sale of heavy water for Argentine reactors and sizable quantities of enriched uranium.

In hydro-electricity, Sovlet turbines are already installed near the 1,620 MW Salto Grande dam near Uruguay. The Soviets have drawn up tecbnical studies for a $10bn project on the Parana River, and are bidding strongly for the main turbine contracts for the 1,400 MW bydro-electric plant at Piedra de Aguila in southern Argentina.

The Pledra de Aguila project will be at the ceotre of thls week'a mission to Moscow although a final decision will need to take second place to Yacyreta, the multi-billion hydro project for wbich the Italians and French are bidding.

The Soviets have a strong negoliating position with Buenos Aires, not only on acconnt of the fact that a sudden cut-off in grain purchases could leave the Argentine economy in tatters. Argentine officials are aware of the continuing need not to upset Soviet diplomatic support on account of trade.

Since the current milltary regime was established in 1976, Soviet-Argentine commercial ties have improved. The Soviets have remained mute on the subject of Argentine human rights in international forums at a time when Buenos Aires was subject to a hammering from U.S. and European democrats.

During the Falklands war, the Soviet Unlon was more ambiguous. Nevertheless, the locally-tolerated Argentine Communist party was lnstrumental in gathering support from Iron Curtain countries at the UN.

Against this must be set the continuing in-built prejudice among aome sectors of the Argentine armed forces against anything that smacks of "Marxist encroachment" into Argentine affairs—commercial or otherwise. Undoubtedly, thls lies bebind the relative failnre of the Soviets so far to make any significant progress in the area of arms sales to Argentlna —although Soviet SAM missiles are understood to have made their way into the bands of the Argentine army after belng purchased from Israel and Libya.

SHIPPING REPORT

Uncertainty despite fall in oil prices

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE TANKER market remained in limbo last week, with operators pleased at the cuts in oil prices but uncertain about bow the pricing structure would settle down.

Galbraith Wrightson said the market was suffering from suppliers' non-decisions on collective and acceptable cuts. In the meantime, buyers were holding off and tankers were not being fixed ln any volume.

Both the Gulf and West Africa remained slack, though there was a little more Interest in Nigerian oil after the price reductions. Galbraith thought this could be the first market to improve.

● Norway's ahipping industry is pinning lts faith on staff cuts, long-term cargo agreements and technology to survive the present crisis.

Mr Atle Jebsen, president of the Norwegian Shipowners' Association, said in London that 1983 would still be a hard year. But the new approach "will bring us less painfully through the crisis and lay the basis for a much healthier future."

Sharp fall in French electronics surplus

BY DAVID MARSH IN PARIS

THE BUOYANCY of consumer spending in France last year led to a sharp fall in the country's traditional surplus on electronic and electrical products, according to provisional figures from trade associations.

The largest single factor behind the worsening trade performance seems to have been imports of video-recorders, which rose to 665,000 last year from 280,000 in 1981. About 1.1m of the machines are now owned in France – about one for every 20 households – according to trade statistics.

The Federation of Electrical and Electronics Industries puts the trade surplus in electrical and electronics products at FFr 700m ($103m) last year, a sharp drop from the FFr 7.4bn registered in 1981.

The trade deficit in equipment which the French are trying to develop as part of the Government's electronics programme doubled to about FFr 12bn from FFr 6bn in 1981.

Imports of all electrical and electronics goods rose by 26.9 per cent to FFr 60.4bn, while exports increased only 10.7 per cent to FFr 61.1bn.

Trade in electrical plant and professional electronics – both traditional strong poiots for French industry – showed surpluses of FFr 8.3bn and FFr 7.5bn respectively. Telephones chalked up a surplus of FFr 1.7bn, and cables FFr 1bn.

In an analysis of "leisure electronics" sales the Association of Radio and Television Equipment Manufacturers said the overall French market grew 25 per cent in 1982 to FFr 17bn. French production rose 16 per cent to FFr 7.2bn, exports grew 16 per cent to FFr 1.4bn while imports leapt 30 per cent to FFr 8.75bn.

UK NEWS

FEWER JOBS? NO, SAY EMPLOYERS

Challenge on IT impact

BY WILLIAM COCHRANE

FORECASTS that the impact of oew technology on office employers will mean substantial job losses and reduced demand for office space are challenged by a new report from the academic centre of the UK property industry.

The Centre for Advanced Land Use Studies (CALUS) at the College of Estate Management, Reading, says its evidence suggests the use of information technology (IT) will reduce the number of staff required to maintain constant a level of business.

It says, however: "The majority of respondeots did not feel that IT bas had a significant effect upon actual employment."

The report also concludes that IT bas had a much more significant impact upon the qualitative than the quantitative aspects of demand for office space.

"It is considered unlikely that the total demand for office space will fall over the oext five to 10 years," it says, "although IT may well dampen the level of increase. The type of office buildings demand may, however, change considerably."

CALUS acknowledges that IT has developed at "a truly astonishing rate" – defining IT for its report as the application to office activities of new technological developments, many of which are based upon microprocessors.

"If the automobile industry had developed at the same rate as the microelectronics iodustry over the last 30 years," it says, "it has been estimated that a Rolls-Royce would cost a mere £1.39, would do 3m miles to the galloo and would develop enough power to drive the QE2."

In this context it says property has been traditionally regarded as a loog-term investment but that it is oo longer possible – "if indeed it ever was" – accurately to predict the demand for office accommodation in the long term.

"All that can be said for certain," says CALUS, "is that change is inevitable."

The report continues: "As the technology becomes smaller, lighter and more flexible, the demands it places upon property are reduced and office activities can consequently be performed from a wider range of property."

Office locations can, and will be more widespread as a result.

"IT has increased the choice of suitable locations for many of the functions curreotly conducted in office agglomerations in expensive down-town locations," says CALUS, "but although the availability of information technology is necessary for decentralisatioo of office activities, it is oot a sufficieot reasoo for it."

Given the increased uncertainty, investors in office property are expected to attach increased importance to security in the future to reduce their exposure to risk.

"Flexibility," it says, "will emerge as an even more important investmeot criterion."

Many directors take pay cuts

BY JAMES McDONALD

CHAIRMAN and managing directors of 16 per cent of companies quoted oo the London Stock Exchange have accepted either a reductioo or no change in their pay during the past year, according to the latest directors' remuneration survey sponsored by the Charterhouse Group.

The survey, based on the annual reports from more than 1,000 mainly quoted UK companies, says the reductions in earnings or unchanged remuneration occurred in 173 companies, "probably reflecting a fall in boous earnings."

The median rate of increase in earnings of highest paid directors, including chairmen, declined from almost 14 per ceot to just over 10 per cent in the past 12 mooths.

There was a wide difference, bowever, between the lowest rate of increase in top directors' earnings, 4.2 per cent in the past 12 mooths, and the highest rate of increase of 17.9 per cent.

The reports also give some idea of the current rate of increase in directors' earniogs. A salary and benefits survey of 100 leading companies carried out at the beginning of this mooth shows a median individual increase for company directors in geoeral of 8.5 per cent.

Almost balf the 100 companies changed boardroom and senior managemeot pay in the period from August last year to February this year "giving a clear indicatioo of current trends for 1982-83," says the report.

This survey showed that few of the 100 companies awarded across-the-board rises to directors. Where they did give a general increase, a typical figure was 5 per cent.

About 7 per cent of the directors in the February sample received no increase even when others within the same company did get a rise.

About 13 per cent of the directors won basic salary increases of more than 15 per cent.

Directors' Remuneration, Monks Publications, Debden Green, Saffron Walden, Essex, £40.

Car chiefs resign in West Germany as Leyland reorganises

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE managing director and sales chief of BL's West German subsidiary have resigned as part of a shake-up, designed to strengthen the group's position in that country.

Mr Leo Meiswinkle, the managing director who has been 24 years with Leyland Germany, and Mr Rudi Omischl, sales manager for the past six years, will both receive substantial severance payments, according to BL.

West Germany is Europe's biggest car market with 1982 registrations of 2.1m, but BL's sales there last year were only about 6,000, down from 7,000 in 1981.

However, the UK group believes that the new Maestro medium sized car, to be launched formally tomorrow, could have considerable appeal in Germany.

"But if we are to improve our performance – and we are determined to do so – we must improve the dealer network and improve our image", a BL spokesman said.

BL has about 280 dealers in Germany and the number will probably decrease in the changes to come.

The group is following the pattern set in the UK. From April, the sales effort in Germany will be dividend between three teams – one concentrating solely on Austin Rover products (Metro, Maestro, Mini, Rover and Acclaim), another on Jaguar, and the third on the four-wheel-drive vehicles, Land Rovers and Range Rovers.

BL has recruited from Ford of Germany Mr Georg Faber to act as general manager of the Austin Rover sales team. Mr Karl Heinz Schwarz has been brought in from Monsanto to head up the four-wheel-drive efforts. So far no Jaguar general manager has been named.

BL said the changes were "among the most important we have made so far on the Continent." The company pointed out that the Metro had made a considerable impact on BL's fortunes last year, helping take the group's sales in France up 39 per cent to 37,000 and those in Italy up 18 per cent to a record 33,000. The company had also recently improved its performance in Belgium and Holland.

"We are now absolutely determined to improve our performance in Germany with the adoption of this new approach and the recruitment of new expertise."

Meanwhile in Britain Austin Rover's determination to push the Metro into top place among Britain's best-selling cars in February, will result in the BL subsidiary paying its dealers extra bonuses totalling more than £3m.

Austin Rover had told dealers it would pay an extra £250 for each Metro sold in February and in the first 20 days of the month, 12,076 sales had been registered.

This placed Metro above Ford's Escort – the market leader since it was launched two years ago – with 10,505 sold.

Austin Rover saw the chance of topping the sales charts and thus giving a big promotional boost for its new Maestro, after Ford's exceptional January performance.

An announcement that Ford prices were to go up last month pulled forward sales so that the group's market share shot up to nearly 34 per cent. And the Escort alone accounted for 13 per cent of total new car registrations.

As a result, both Ford's and the Escort's performance could be expected to fall back substantially in February.

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For both our sakes.

Because in the long run, throwing money around can be even less constructive than not handing it out at all.

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UK NEWS

PROFESSOR CALLS FOR £2bn BOOST TO THE ECONOMY

Budget 'should make tax fairer'

BY JEREMY STONE

THE BUDGET should be seen as Britain's opportunity to remove some distortions in the tax structure, says Professor Patrick Minford, of Liverpool University.

With perhaps two fifths of the workforce at the bottom of the income scale experiencing marginal tax rates of 60 to 100 per cent – in the unemployment and poverty "traps" – the Chancellor of the Exchequer should concentrate his tax remissions on tax thresholds and child benefits, claims Professor Minford.

Stockbrokers Grieveson Grant follow a similar logic in arguing for an emphasis on over-indexation of personal allowances and thresholds as the main reflationary measure in the budget.

They calculate that 12½ per cent over-indexation would take 1m people out of tax-paying altogether. This would keep expenditure going and make a direct contribution to a consumption-led recovery.

Professor Minford said at a seminar held by stockbrokers Laurie, Milbank that a fiscal injection of £2bn net could be achieved by raising thresholds by 15 percentage points more than inflation and increasing child allowances by £1.

This measure would be consistent with a target Public Sector Borrowing Requirement of £8bn, itself consistent with the eventual objective of a nil inflation rate in the mid-1980s.

Stockbrokers Montagu Loebl Stanley also argued at the weekend that a fiscal adjustment of £2bn would be consistent with such a PSBR.

In answer to a parliamentary question last week the Government revealed that over-indexation of 10 per cent would release 850,000 from the tax net. The electoral benefits of such a move are said not to have been lost on Premier Mrs Margaret Thatcher.

Professor Minford argued that action on tax thresholds would be more efficient in raising the level of employment than equivalent cuts in the National Insurance Surcharge, as recommended by the Confederation of British Industry.

He believed the raising of thresholds would actually lower the marginal cost of labour to employers, as the unemployed became willing to work at lower nominal wages and thus caused union wage demands to moderate.

A major union is a highly rational being, explained Professor Minford in reply to questions. He said: "Its wage claims are a mark-up over something else – in fact over the non-union sector. And the cost of the something else would fall by about 5 per cent, on this proposal."

Professor Minford predicted that UK inflation will fall almost to zero during the next three years under a re-elected Conservative Government, in contrast to most recent forecasters, who have expected accelerated price rises starting later this year.

In this context, he was optimistic about the trend in labour cost and in nominal interest rates. Under present policies, he thought, cost-push inflation was not much of a force in the UK economy. "Unions have an impact on employment, not inflation," he said.

As nominal interest rates dropped, following the trend of inflation, consumer demand would increase, as savers reduced their nominal savings targets.

Union warns of crisis in chemical industry

BY CARLA RAPOPORT

BRITAIN has shed more jobs and shut down more production capacity in its chemicals sector than any other country in Western Europe, according to the General, Municipal, Boilermakers and Allied Trades Union.

Even so, the union claims that Britain's chemical industry continues to face a serious crisis. "They have tied the tourniquet so tight that the patient is having great difficulty in surviving the treatment," states the GMBATU in its 1983 Chemical Industries Review.

Mr David Warburton, national officer of the GMBATU, blamed the Government for the bulk of industry's troubles. "The Government's disregard of British industrial potential, its squandering of North Sea oil and gas resources and its dogmatic attitude toward energy prices are the major reason."

Mr Warburton predicted that chemical production in the UK will increase at only about 1.5 per cent a year over the next few years, compared with production increases in Europe of between 2.5 per cent and 3 per cent. Britain's lower level will be due to lower capital investment, heavy import penetration and lower competitiveness on raw material costs.

The union also points out that Britain has closed down 32 per cent of its 1980 production capacity, compared with an overall figure of 16 per cent for Western Europe. As a result, it predicts that UK production could not even supply the depressed UK demand for some of the primary bulk petrochemicals.

Business loan scheme will run full three years

BY TIM DICKSON

THE UK Government's Loan Guarantee Scheme is assured of a future after the £300m currently available runs out.

Ministers will allocate sufficient funds, probably a further £300m, to allow the pilot project to run its full three years to June 1984, and will leave the conditions largely unchanged.

Details will be announced by the Chancellor of the Exchequer in the budget, accompanied by a new package aimed particularly at helping companies once they have borrowed the money.

The scheme has been one of the Government's most popular measures to help small businesses.

Under it the Department of Industry guarantees 80 per cent of "approved" loans up to £75,000, charging borrowers a 3 per cent premium on the guaranteed amount. This premium "income" is then used to offset claims when businesses fail.

The scheme aims to overcome the difficulties traditionally encountered by small companies.

Much attention has been paid to the failure rate – anything between one in five and one in 20 – but the Government has been more impressed by the number of jobs created by those businesses which have survived.

Ministers have decided against making major changes. The £75,000 upper limit will not be raised, banks will continue to fund 20 per cent of the risk and borrowers will continue to be able to get money without pledging personal security.

Employers urged to help working women

BY LISA WOOD

A MINORITY of women in top jobs indicates a neglect of available resources, Baroness Lockwood, chairman of the Equal Opportunities Commission, has said.

She called for change in attitudes by employers so that women could combine a career and a family.

Baroness Lockwood, opening a two-day conference in Blackpool on women managers, said that management had been in the male image for too long. The time was ripe for attitudes to change. But this relied on an acceptance from employers that a problem existed.

"Women are expected to fulfil their biological role, but at the same time if they choose to follow a career, they are expected to accept the same terms as their male colleagues. The only difference is, of course, that their male colleagues can have one, two or even more babies without it breaking their career pattern," she said.

It was quite remarkable, said Baroness Lockwood, that this attitude should prevail at a time when 62 per cent of all married women, between the ages of 16 and 59, were at work.

She said that while in 1973, only 177 women had enrolled on university management courses, this had increased to 770 by 1977.

Foot critical of Ulster trip

By Margaret Van Hattem

THE REFUSAL of Mr Ken Livingstone, the Greater London Council leader, to meet political groups other than Sinn Fein during a private visit to Northern Ireland at the weekend, has brought sharp criticism from Labour Party members.

Mr Michael Foot, the Labour leader, said Mr Livingstone did not appear to have grasped that Sinn Fein was a terrorist organisation.

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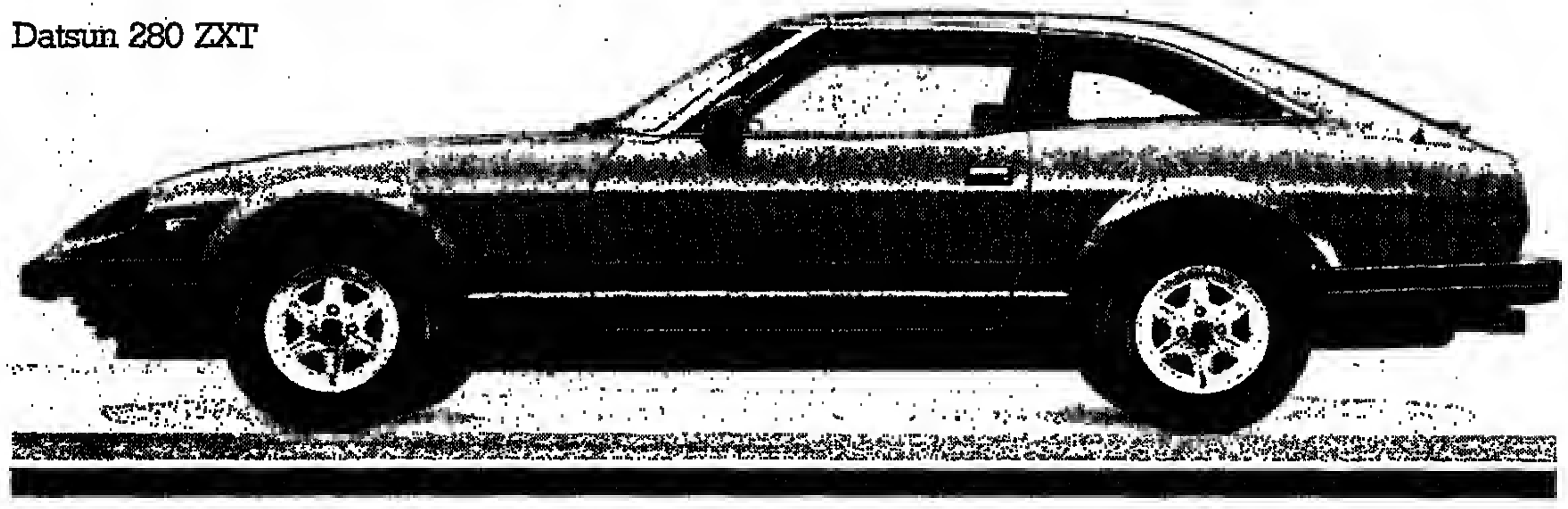
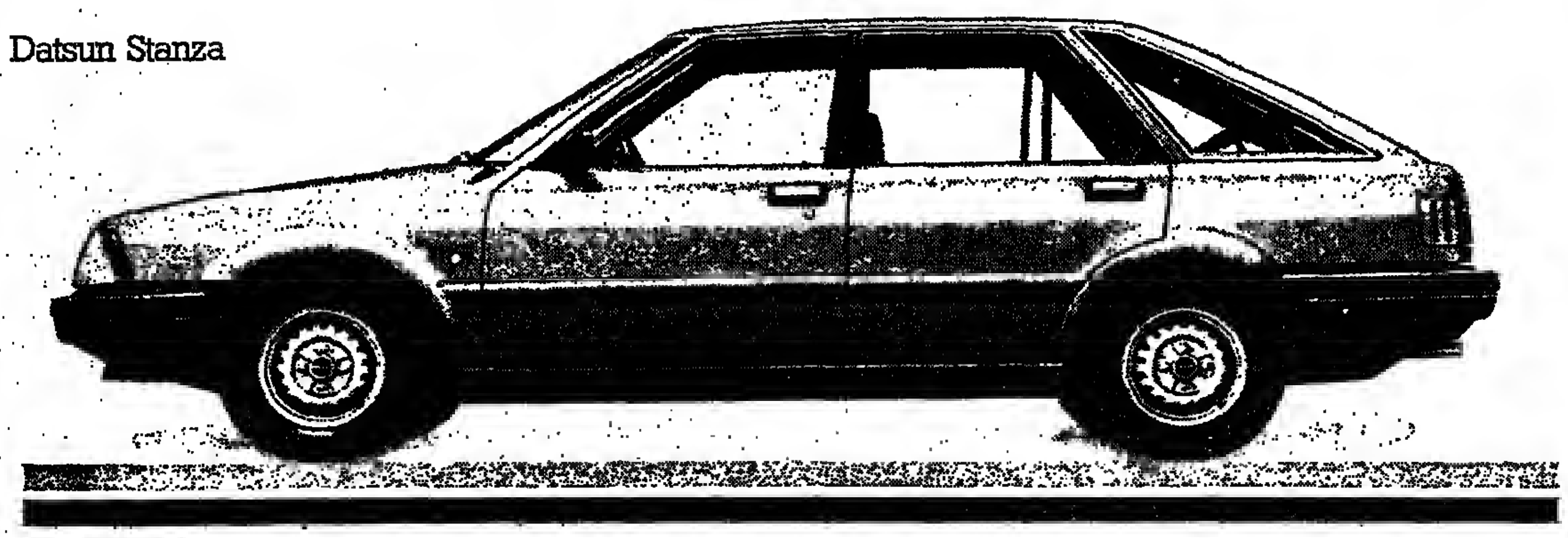


Datsun Stanza



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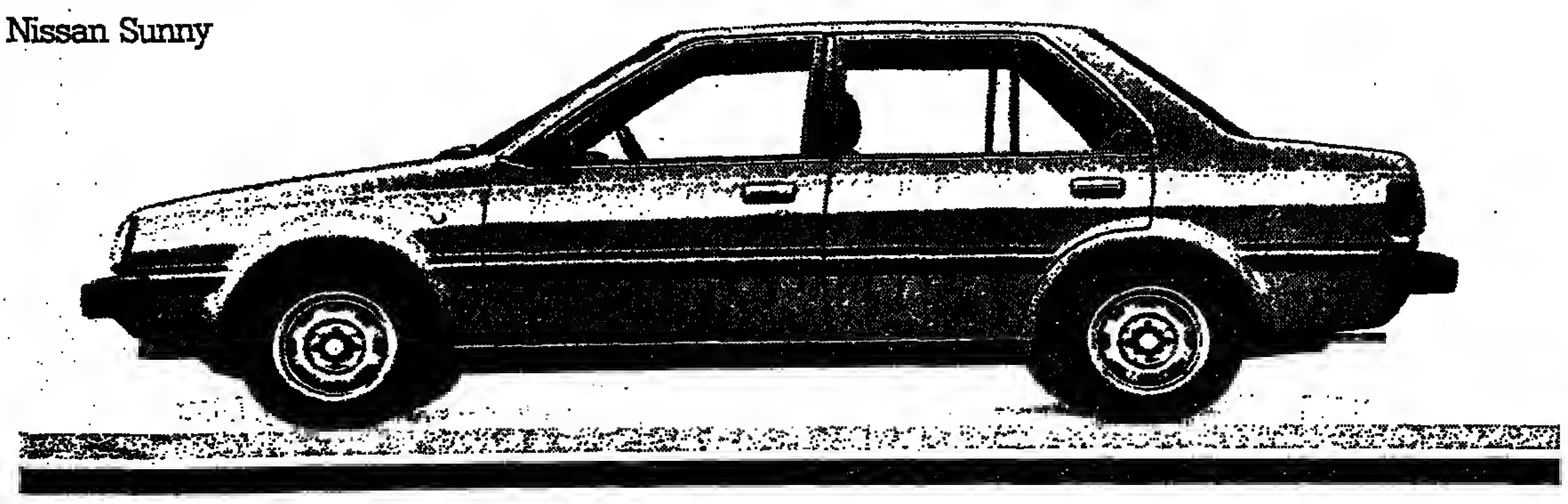

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INSURANCE

Concern over companies' underlying security

BY JOHN MOORE, CITY CORRESPONDENT

"I BELIEVE that there ore hundreds of insurance companies around the world who could be viewed as technically insolvent at this point in time."

This startling statement was made at a recent seminar on insurance security by a representative of the Sedgwick Group, Britaio's largest insurance broker.

The observation reflects the growing anxiety among many insurance professionals about the difficulty in forming a reliable assessment of the underlying security of companies with which they do business—either as brokers placing business with insurance companies, or as insurance companies taking out their own insurance protection with reinsurance groups.

The Sedgwick representative told a recent seminar organised by the British Insurance Brokers Association. "Insurance market security is now a science."

Yet while it is recognised that security assessment is a vital adjunct to insurance managements, establishing hard and fast reliable formulae for scrutinising the reliability of the companies which offer insurance protection remains a serious problem.

There are many reasons why security assessment within the insurance community is such a hit-and-miss affair. The world's insurance markets have become more fragmented as the number of participants has grown.

The growth in the number of reinsurers, attracted by the cash flow prospects of the business, the entry into the business of more intermediaries seeking to exploit reinsurance possibilities, and the growth of the broking firms seeking to exploit to the fullest possible extent the returns on the premiums produced by their largest accounts, have made reliable security assessment virtually impossible.

This is becauso every link in the insurance and reinsurance chain backin a risk has to be assessed to make a comprehensive secnrity evaluation.

The internationalism of insuracne business bas added to the uncertainty. Insurance risks have become increasingly atomised over the last few years—scattered througbout the world through a wide range of reinsurance networks.

While one country's regulatory authorities may insist on adequate disclosure and reporting provisions, another's may no.t. Very few insurance specialists have a clear idea of the ouality of security which is supporting the insurance risks.

Most larger brokers have formed security committees in an effort to produce more reliable analyses of the companies with wbich they do business.

Sedgwick, in its address to the Association, stressed that a number of factors should be examined when assessing security in the company insurance market.

It said the capital, all reserves, classes and type of business, investments, liquidity, profit and financial trends should be examined. In addition, brokers and insurers' own solvency tests should be applied to the companies with whicb they intend to do business.

Other factors it suggested should be taken into account were a company's domicile and whether that company was a domestic insurer or had experience of transacting overseas business. Its size and reputation in its own market should be considered.

The nltimate ownership of the company and its inter-company relationships should be looked at. particularly inter-company loans and borrowings.

The reinsurance programme, said Sedgwick, shoutd be studied. There should be an understanding of who is paying for what in the reinsurance chain.

The type of business underwritten should be examined. Note should be taken when a company starts to underwrite a class of business with which it has had no experience. Agency agreements for insurance pools, underwriting agencies, binding authorities—all types of delegated insuraoce mechanisms — need to be checked thoroughly.

Powers of attorney, management agreements, and who physically is responsible for *signing the cheques on claims*, and whether the agency can keep the money, need to be understood.

In addition, Sedgwick urged a study of the professionalism of the managements of companies with which insurers are proposing to do business with within their community and an examination of whether there is continuity in the management and whether insurance claims are handled speedily and correctly. Currency and government supervision and regulations need to be understood fully.

The task of security assessment may be easier for Sedgwick by reason of its size. Its purchasing clout and muscle places it in a good position to ask for *Department of Trade* returns from insurers in the UK, and other regulatory body returns, to extend its assessment of the *security position* of insurers operating in the UK. It would probably be more successful than most in obtaining a *fuller picture* of the reinsurance chain of insurance risks.

The large brokers have a competitive advantage because they have considerable resources to develop a proper security function. The smaller brokers tend to have to leave it to their clients *to accept* or reject the security offered.

There is considerable discussion in the UK about a collective approach to security analysis within the industry, perhaps organised by the brokers. The scale of the present operation of security assessment is enormous, even for the large brokers, runs one argument, and is likely to become even more complex in the future.

A centralised analysis service, communally funded or provided by an independent service, is needed, say members of the industry, to improve the efficiency of the insurance community.

Business in the Lords and Commons this week

TODAY

Commons: Debate on the *policing in the Metropolis* on a motion for the adjournment. **Lords:** Transport Bill, Committee. Parliamentary Constituencies (Wales) Order 1983. **Select Committee.** *Public* Accounts—Subject: Special Employment Measures. Witness: Mr M. Quinlan, Department of Employment (Room 16, 4.45 pm).

TOMORROW

Commons: Debate on the Parliamentary Boundary Commissions, on a motion for the adjournment. **Lords:** Transport Bill, Committee. Marriage Bill, Committee. **Select Committees:** *Environment—Subject: Problems of the* management of urban renewal. Witnesses: Greater London Council: *Hackney Borough Council (Room 15, 4.15 pm).* Transport—Subject: Serpell Report on Railway finances. Witnesses: Sir David Serpell and other Committee members (Room 8, 4.15 pm). Parliamentary Commissioner for Administration—Subject: Reports of the Health Service Commissioner. Witnesses: *Croydon Health Authority;* HM Coroner, Southern District, Sefton Health Authority (Room 5, 5.00 pm) Committee on a *Private Bill—To* consider the Epsom and Walton Downs (Regulation) Bill (Room 5, 10.30 am).

WEDNESDAY

Commons: Debate on the Parliamentary Constituencies (England) Order.

Lords: Debate on the Serpell *Report on Railway Finances.*

Select Committees: Industry and Trade—Subject: Machine Tools and Robotics. Witnesses: Machine Tool Trades Association; Institution of Mechanical Engineers; Institution of *Production Engineers* (Room 15, 10.30 am)

Scottish Affairs—Subject: Dampness in Housing. Witnesses: Convention of Scottish Local Authorities; Scottish Local Authorities Special Housing Group (Room 19, 10.30 am).

Employment—Subject: Green Paper on Democracy in Trade Unions. Witnesses: *Trades Union Congress: Engineering Employers Federation* (Room 5, 4.00 pm) Public Accounts—Subject: *Special Employment Measures.* Witnesses: Mr Quinlan, Department of Employment; Mr O Young, Manpower Service Commission (Room 16, 4.00 pm).

Social Services—Subject: Children in Care. Witnesses: Central Council for Education and Training in Social Work; National Institute of Social Work (Room 21, 4.15 pm).

Transport—Subject: Serpell Report on Railway Finances. Witness. Mr Alfred Goldstein (Room 8, 4.15 pm).

Committee on a Private Bill—To consider the Epsom and Walton Downs (Regulation) Bill (Room 5, 10.30 am)

THURSDAY

Commons: Until 7 pm, a debate on the CAP price proposals for 1983-84, and other measures. Followed by motion on the Parliamentary Constituencies *(Scotland)* Order.

Lords: Mental Health Bill, Committee. Transport Bill, Committee. Currency Bill, Second Reading.

Select Committee—Committee on a *Private* Bill to consider the Epsom and Walton Downs (Regulation) Bill (Room 5, 10.30 am).

FRIDAY

Commons: Private Members' Motions.

APPOINTMENTS

Changes at Blue Circle

New responsibilities have been allocated to three directors of BLUE CIRCLE INDUSTRIES. From March 1 Mr Kenneth Shanks, chairman and chief executive of Armitage Shanks, will also assume responsibility for Blue Circle's brick making, decorative products and international trading activities, under the new title of chief executive, bathroom and building products. He will continue as chairman of Armitage Shanks. This move follows the decision to discontinue Blue Circle Enterprises as a separate operating division. Mr Michael Spurr, Blue Circle's technical director, will take charge of other non-cement activities — industrial minerals, minerals planning, landfill and site reclamation.

The chief executive of Blue Circle Enterprises, Mr Tony Jackson, will be appointed a joint chief exeentive of Blue Circle Overseas on March 1. He will be responsible for the group's investments in Nigeria, South Africa and Zimbabwe, under the new title of BCO (Central). Mr David Baird and Mr David Stirling will continue *as joint chief executives* of BCO (West) and (East) respectively.

★

MARTONAIR INTERNATIONAL *has appointed* Mr Edward Hone as deputy group managing director (UK) and Dr Hans Cremer as deputy group managing director (overseas). Mr Ronald Graham has been appointed to the board as group finance director.

★

Mr Tony Roberts has been appointed production director of the Basingstoke division of SMITHS INDUSTRIES AEROSPACE AND DEFENCE SYSTEMS. He was factory manager.

★

Following the centralisation of the RACAL ELECTRONICS GROUP'S customer training facilities, Mr John Babb has become a director of Racal Training *Services.* Mr Babb remains marketing director of Racal-Milgo.

★

Mr M. J. Hesketh will be joining the partnership of ROWE AND PITMAN, stockbrokers, on April 8.

★

Mr Derek Blaine, *formerly* a vice president in the commodities division of Bankers Trust Company, London branch, has joined CREDITANSTALT-BANKVEREIN in London as manager of a new group specialising in the provision of short-term financing for international trade.

CONTRACTS

Roadworks wins £2.6m orders for work in East Anglia

ROADWORKS has *successfully* tendered for five sewering contracts, worth £2.6m. The schemes, all in East Anglia, include one valued at £700,000 for North Bedfordshire Borough Council and one for Tendering District Council valued at £735,000. Roadworks is the civil *engineering division* of the Jackson Group whose shares are traded by M. J. H. Nightingale on the "over-the-counter" market.

★

J. F. FINNEGAN, the Sheffield-based building contractors, has won the following orders: the construction of 68 homes, with associated roadworks, drainage and external works, at Werrington, Peterborough, for the Peterborough Development Corporation. Contract value *over* £1m; 62 homes and roadworks at Odsal, Bradford, for North British Housing Association. Contract value nearly £1m; 22 bungalows and seven shop units in the Killamarsh (Derbyshire) central area redevelopment, for North Derbyshire District Council. Contract value nearly £1m; 42 homes on two sites at Liversedge and Cleckheaton, for the Council of the Boroughm of Kirklees. Contract value over £500,000.

★

BABCOCK POWER has been awarded a £1.5m contract by John Brown Engineering for a waste heat recovery boiler for the Electric Power Corporation of Burma. The boiler will be made at the Renfrew works of Babcock Power and delivered to Thaton power station by the end of the year.

★

Singapore Telecommunications Authority bas ordered two message switching systems and ancillary equipment from STC BUSINESS SYSTEMS of Brighton. Worth about £155,000 the systems will help the authority provide store-and-forward message switching facilities with a telex access capability for commercial organisations in Singapore.

★

From March 1 at ALEX LAWRIE FACTORS, Banbury, *Mr Andrew Hutton* becomes operations director. He was financial director/company secretary. Mr David Bailey becomes financial controller and company secretary.

★

WILLIAM MOSS (CONSTRUCTION), part of the William Moss Group, has been awarded the contract for the conversion of an existing warehouse in Scalford Road, Melton Mowbray, to a superstore, for the Leicestershire Co-operative Society. The value of the work is about £500,000. William Moss has also been awarded a laboratory relocation contract, worth about £500,000, for Boots at its Beeston, Nottingham, site.

★

Krupp GSTGmbH, a subsidiary of the West German heavy engineering company, has placed an order worth over £100,000, for a two-workstation FERRANTI Cetec CAM-X. One workstation will incorporate a storage graphics display, the second will have the new full colour high-definition raster display, recently introduced as part of CAM-X.

★

VERCON INTERNATIONAL has won a contract for the supply of ceilings and partitions, by a Turkish contractor, Kozanoglu Cavusoglu Construction of Istanbul. The project is the cigarette factory plant for Iraqi Tobacco State Enterprises, Baghdad. Contract value is £350,000. The National Building Construction Company of India, currently building two Inter-Continental Hotels in Dokan and Mosul, Iraq, has awarded the £150,000 ceiling contract to Vercon.

★

Mr Harold Williams has been appointed as consultant to MOTT, HAY AND ANDERSON. He recently retired from the Department of Transport. Mr Peter Wickens has been promoted to become an associate director of Mott, Hay and Anderson Structural and Industrial Consultants.

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BUILDING AND CIVIL ENGINEERING

Contract times under scrutiny

A MAJOR investigation into times taken by British builders to complete new industrial developments is to be published shortly by the Bnilding Economic Development Committee. It compares results which can be achieved by different management techniques and construction methods.

The report, still in draft form, concludes that the "British construction industry can deliver quickly and efficiently" but that there are wide disparities in performance.

The survey, one of the most exhaustive examinations to date of construction performance, provides detailed case studies of more than 50 industrial developments with a combined contract value of more than £60m.

It concludes that schemes involving project management or design and build contracts generally fared better on building times than contracts negotiated under traditional arrangements: "in which the customer had separate relationships with a design team and a contractor."

The report says that good construction times were achieved under traditional arrangements but that times tended to suffer when these involved a high degree of sub-contract work.

"For example," says the report, "sub-contracting is prevalent in southern England and construction times in the South were generally longer than in the rest of the country.

"There were a number of examples of delaye arising from the use of nominated sub-contractors, where the main contractor had to secure the performance of a firm he did not select."

Contracts examined by the study team ranged from a £25,000 small workshop in the West Midlands to a £12m design and build contract for an electronics factory in the North East.

The report says that performances between similar sized contracts often varied widely. "For example the average construction time for buildings costing around £½m was nine months; but 10 per cent took less than six months while another 10 per cent took more than 13 months . . . about one half of the projects overran their contract times by a month or more."

In seeking to apportion blame frr construction hold-ups, the study team found that problems arising from the use of sub-contractors and delays arising from variations in design being introduced at a late stage in the development process were the greatest causes for late completion of developments.

The accompanying table, drawn from the 56 case studies, illustrates how different management techniques responded to problems of construction delays. It clearly shows the relatively better performances achieved by design and build and project management contracts, compared with those achieved by traditional construction contract arrangements.

The report says that the belief hat speed costs money is quite unfounded: "Fast building is possible without sacrificing cost or quality. It must be wanted by the customer, who must choose a building team which will understand and share this objective. Responsibilities within the team must be clearly defined and in particular the customer must be clear who is the team leader."

The study also questions whether penalty clauses in contracts were effective in preventing delays. "It is not the form of contract which primarily determines whether targets are met, but the attitudes of the parties," says the report.

"The standard form of contract offers penalties for delays but not incentives for speed. Industry and customer should look for ways of sharing the benefits from improved performance."

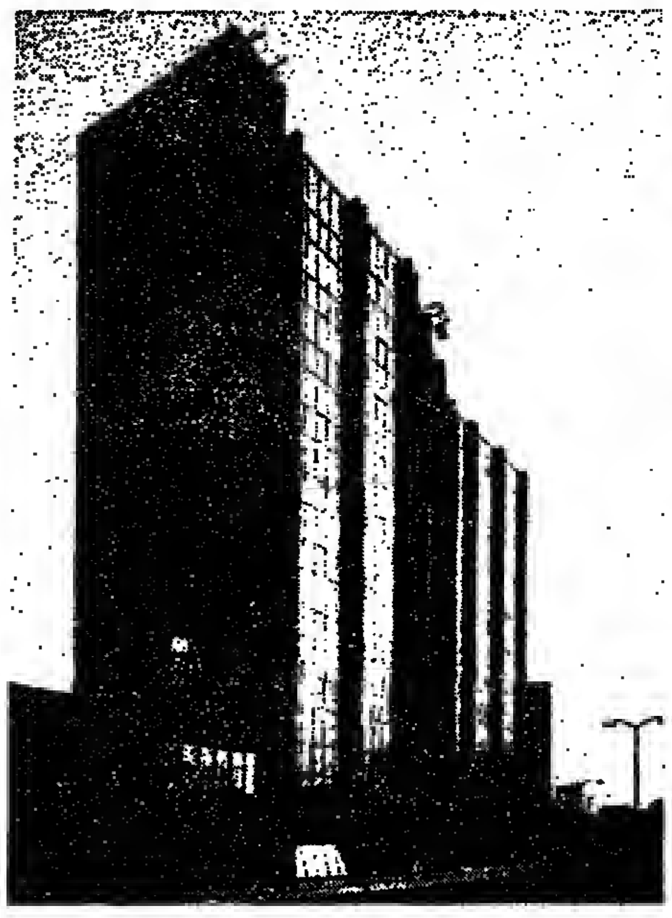
The report concluded that while the industry could do much to improve its performance, the customer could also assist by supplying "a substantial and well directed management input."

ANDREW TAYLOR

Method of organisation	Percentage projects with Site Time			Percentage projects with Total Time		
	Fast*	Average	Slow	Fast	Average	Slow
Traditional	17	37	46	25	29	46
Own management	20	40	40	40	20	40
Design and build	47	11	42	47	21	32
Project management	50	38	12	63	12	25

* Fast projects are those completed at least 10 per cent faster than the norm. Average—completed within 10 per cent of the norm. Slow—taking at least 10 per cent longer than the norm.

Technology building cuts costs



APPROPRIATELY enough, the new headquarters built by John Laing Construction for the British Technology Group at 101 Newington Causeway near London's Elephant and Castle incorporates some of the latest building and systems technology.

"Technology tends to be hidden within the building frame," says BTG administration manager Peter Corfield, adding that the BTG—which integrates the National Research Development Corporation and the National Enterprise Board—made an in-house assessment of its requirements before passing them on to consulting engineers J. R. Briggs.

Lighting, heating and lifts, all with energy saving potential, are the main areas of technological interest. "We have gone for the Delmatic automatic lighting control system which adjusts to take account of natural light levels," says Mr Corfield. "The building has eastern sunlight, so the system would take the lights out on that side, eliminating one of the five lighting runs."

The system also automatically interrogates the building to see if people are there. "If not, it turns the lights out," says Mr Corfield, adding however, that the individual can over-ride the system at will.

In heating the BTG went for an "undersized" plant. "We have a perimeter system to get it warm in the morning," says Mr Corfield, "but when people and machinery get going we take it back again with heat exchange equipment . . . It is remarkably efficient."

The BTG building also has what Mr Corfield has been told is the first group of microprocessor - controlled lifts in the country, built in the Cheltenham factory of the Swiss-based Schindler group.

"The lifts will settle themselves to prowl around the floors most likely to have passengers waiting," says Mr Corfield.

WILLIAM COCHRANE

INTERNATIONAL

UK companies win £26m work in Algeria

Following the placing of a £46m contract with Tarmac International for the construction of four hospitals in the Mascara region of Algeria (Financial Times, November 8), contracts totalling about £26m for sub-contracting work and materials will be awarded to British companies.

The three main sub-contractors are the Belfast-based ROTARY GROUP, GT INTERNATIONAL, Reading, and ORS OVERSEAS, London.

Rotary Group will carry out the mechanical and engineering services on the hospitals, valued at £9m. GT International will be responsible for the erection of pre-fabricated units on site—worth just under £11m. ORS Overseas is finalising a £4m contract to equip and furnish the hospitals.

COSALT ADDA SYSTEMS, Hull, has a £1m contract to build and furnish a base camp at Mascara for more than 160 expatriate personnel.

Work is expected to start on the site of the first hospital, at Ghriss, on March 1. The other hospitals will be built at Mascara, Tighennif and Mohammadia. Prefabricated units for the hospitals are being made in Britain giving the project an 85 per cent UK element.

Philippines take over

The Philippine Government has taken control of the Construction and Development Co of the Philippines (CDCP) because of the firm's cash flow problems, according to Industry and Trade Minister Mr Roberto Ongpin. He said the Government has converted CDCP's debts and liabilities, totalling some 3.9bn pesos, into equity. This put its paid-up capital at 5.1bn pesos (£356.6m), 90 per cent of it Government-owned. CDCP has contracts worth about 9bn pesos, half of them in road and industrial estate building in Saudi Arabia, Iraq, Indonesia, Hong Kong and Malaysia.

CONTRACTS

Work starts on Mossmorran £12m pipeline

Construction of a £12m pipeline to carry natural gas liquids from the North Sea to the Mossmorran petro-chemical plant in Fife will begin next month. NORWEST SOCEA and COSTAIN SPIE CAPAG had won £6m orders each to build the pipeline from the St Fergus terminal in the Grampian region, for Shell UK Exploration. The pipe will carry natural gas liquids to the plant, where they will be processed into ethane, propane, butane and natural gasolene. From there the propane, butane and gasolene will go down pipelines to the tanker terminal at Braefoot Bay. The ethane will go to the adjacent Esso Chemicals plant to be converted into ethylene—a component of plastics—before also going to the tanker terminal.

*

UNIT CONSTRUCTION has won a batch of contracts worth £9.5m. Among the biggest is work for Bradford Metropolitan City Council worth over £2m for the modernisation of 241 homes. Another big batch, also worth £2m, is for the City of Liverpool for the modernisation of 95 homes and bathroom extensions at 134 houses. The Northern Ireland Housing Executive has awarded Unit a contract worth over £1m to build 54 homes. Other work includes two contracts for Plessey Telecommunications and Office Systems at Edge Lane, Liverpool. The first, worth £51,000, is for a traffic signal junction. The second, worth £100,000, is for phase 3 of the site development. Under a £301,000 contract Unit will carry out repairs to common areas of tenements, and under a £479,000 contract it will modernise 108 homes for City of Glasgow District Council. Another Glasgow contract, worth £25,000, is to refurbish shop premises for Thomas Hill International.

*

MILLER CONSTRUCTION, Edinburgh, has been awarded building contracts worth £4.7m. For the Livingston Development Corp an industrial factory unit on Kirkton Campus, value £600,000, contract period 30 weeks. For the Viewpoint Housing Association, 25 sheltered homes at The Glebe, East Calder, value £500,000, contract period 55 weeks. For the development company Ewart New Northern, a contract to build the Northern Neighbourhood Centre, Glenrothes, consisting of shops, offices, public library and community hall, value £1.3m, contract period 58 weeks. For the National Westminster Bank, Sheffield, refurbishment of the bank premises, value £570,000, contract period 38 weeks. For the Wakefield Metropolitan District Council, 31 sheltered homes at Ferrybridge Road, Castleford, value £560,000, contract period 45 weeks. For Glasgow District Council, window repairs at Riddrie, Glasgow, value £170,000, contract period 23 weeks and window repairs at Drumchapel, Glasgow, value £231,000, contract period 15 weeks. For the Heritage Housing Association, 37 sheltered homes at South Trinity Road, Edinburgh, value £750,000, contract period 52 weeks.

*

A £4m contract connected with the Morecambe gas field development project will create 200 jobs for onshore work. Awarded by British Gas to JOHN BROWN ENGINEERS, the contract is for installation of equipment and pipework at the coastal terminal being built at Westfield Point, near Barrow-in-Furness, Cumbria, where gas will be brought ashore. A spokesman for John Brown said they hoped to recruit as much local labour as possible. Work should begin next month and is due to be completed in mid-1984.

*

WALTER LAWRENCE & SON has started construction on Phase 1B costing £2.7m at Lewisham district general hospital in Lewisham High Street, SE13, on behalf of the South East Thames Regional Health Authority.

Scottish homes hit by damp

ABOUT 250,000 Scottish homes are affected by damp, according to evidence given by the Building Research Establishment's Scottish Laboratory, East Kilbride, to the Parliamentary Committee on Scottish Affairs.

Dampness accounts for about half the complaints dealt with by the Scottish Building Research Advisory Service. Damp in houses has a number of causes, including rising damp, rain penetration, plumbing leaks, moisture introduced during construction and by flooding, moisture generated by occupants and from interstitial and surface condensation.

German housing expansion

THE Costain Group, one of the UK's largest construction companies, has restructured and refinanced its West German housebuilding activities ahead of the expected upturn in the German residential market.

With its partner, the Adt Group of Frankfurt, Costain has more than quadrupled the fully paid up capital of its prime residential vehicle, Dacosbau GmbH and Company Bautrager KG, Frankfurt, to £16m from £3m previously—Costain and Adt each holding 50 per cent.

The newly structured housebuilding group has been regionally organised. Dacosbau, itself holding 95 per cent in Adt-Unibau GmbH and Company Wohnbau KG, Frankfurt and a 100 per cent share in the Nedlen Group, Hanover, is responsible for Northrhine-Westpballa.

The Nelden Group takes northern Germany and Berlin and Adt-Unibau for the Rhine-Main area and southern Germany. Each of the three regional companies is aiming for annual sales of between £15m and £20m.

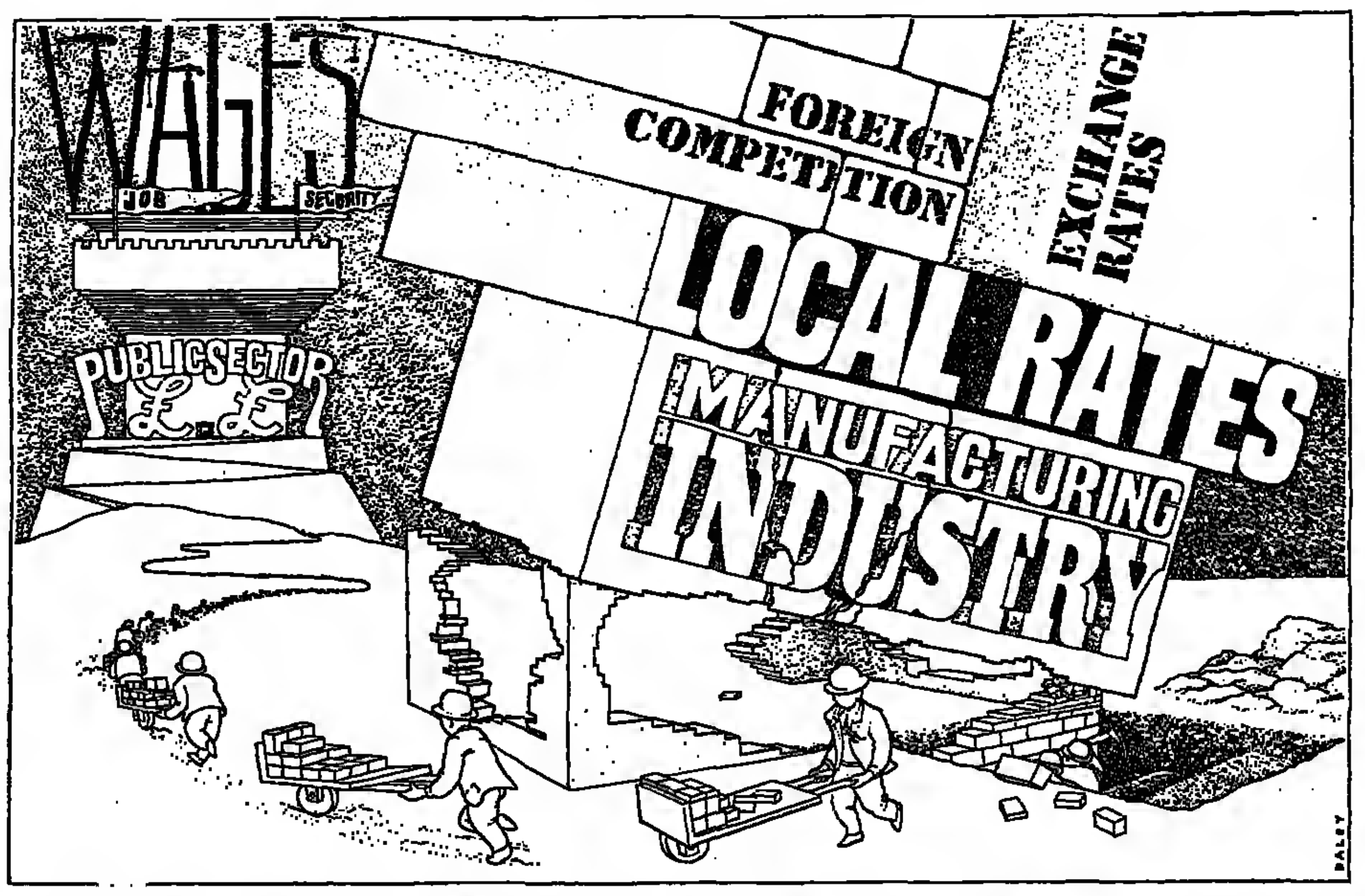
Costain and Adt say that the re-organisation, backed by an efficient management structure and uniformity in marketing and distribution networks, will produce significant cost savings and increased sales.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

'Next month is a long way ahead when survival is uppermost in our minds'

The author, a 55-year-old finance director of a medium-sized engineering company in the North West of England, reports from the frontline of British industry



WE ARE just going into our third round of redundancies. This will take our reduction of people to nearly 36 per cent in less than three years. This seems to be higher than our main competitors have yet attempted and is certainly more than the 25 per cent now common in much of British industry. We ran out of volunteers some time agn and even the ballowed trade union tradition of "last in, first out" may have to be ignored this time round, if those who remain are to be good enough to carry on the business. We need the best, not the oldest, nor those who have served longest.

If productivity is measured in man bours per product made, then we have improved by about a quarter since the recession really bit. But if the much more relevant yardstick of all costs incurred against revenue earned is used, we have scarcely gained anything at all. Our inability to raise prices or volume because of intense competition (mainly foreign) has negated all our efforts. Little wonder that morale from senior management to junior typist is affected. We have spent nearly three years hacking and pruning in a way never done before merely to stand still.

Our depression is not helped by a common view which we are now beginning to hold, and that is that only industry is suffering to any great extent. Snrely we were not the only sector in the economy that was inefficient, overmanned and badly needed shaking up? Was the productivity of the banks, local goveroment or nationalised industries so much better than ours? Far from helping, are these organisations, perhaps inadvertently, making our plight worse?

Our local rates went up by 26 per cent last year and seem likely to rise by about the same amount in 1983. At a time when we were busy with our second round of redundancies and cutting back our capital expenditure to puny proportions, leisure centres seemed a vital investment for local town hall *mandarins*. Continuing rate rises of current proportions will be a positive help in keeping them fully occupied.

Slowly, perhaps too slowly, we have evolved our own version of "recession management." (It is curious that most business academics have yet to pick up this topic and put it into their course structures. It could be useful). It has eight major points.

1—Environmental Analysis

We were very slow to recognise the potential depth of the recession and what impact it would have on us. Perhaps we were beguiled by that Saatchi and Saatchi advertisement about Labour not working and believed that economic activity would actually improve after a slight decline. How mistaken we were. Our rudimentary form of profit planning failed to pick up the danger signals.

Currently we plan very little in a strategic way. Next mnnth is a long time ahead when survival is uppermost in everyone's mind. What we are trying to do, however, is to be quicker on our feet in every possible way. Speed in adaptation is absolutely essential if we are to cope with economic, political and technological change. As for the economy, we care very little whether inflation is 8 per cent or 4 per cent. Conversely the decline of the pound is of major importance in belping to redress our cost imbalance against foreign competitors.

Above all, we need increased economic activity. It is of no use having cheap and good quality products produced on time if nobody has the money to buy them. If import controls help to achieve this, then so be it. In all, we have to get better still at recognising the importance to us of what is happening in our economic and technological environment and adapt quickly.

2—Cash Management

For many years we lived on the fairy gold of stock inflation. We made stock profits and borrowed from the banks to provide cash for working capital. How wrong we were.

In three years we have reduced our working capital by nearly a half. In so doing we have reduced production volume to extremely low levels, under-recovered overheads and made trading losses. We have reduced our manufacturing costs and so have actually to down-value our stock, so again reducing profit. Running a business for cash and profit is proving extremely difficult.

To help to improve the control of the stock element of working capital we have changed our organisation and set up a materials management division which puts finished goods stock control, production scheduling and raw material purchasing under one organisational umbrella. It has worked well in reducing our stocks and convincing everyone of the importance of cash in band.

While we struggle to get a positive cash flow, we find it curious to see so much money loaned to doubtful Central and South American countries, including Argentina.

3—People

It seems extremely unlikely that we will take on any people in significant numbers in the next two or three years. We could increase output by a fifth and still cope at our new planned staffing levels.

We have learoed only to do those jobs which are of value and to match people to work volumes in a way we would have thought impossible two or three years ago. This approach has its implications for the local community. Once local school leavers could be practically guaranteed a job with us, now there are none. Of course, the teaching staff complain that we lack social responsibility as they half fill the school yard with their foreign-made cars.

4—Resonrce Management

Our capital investment bas been cut to an absolute minimum since the recession began. We gaze upon the advertisments for office furniture and other office equipment with absolute disbelief.

We have two resource problems. How to minimise space? How to maximise installed capacity? The answer to the first problem is largely to institute a retreat from empire, so reducing the rate burden and people at the same time. All our peripheral locations and activities are suspect in the current economic climate. Regrettably, it is the furthest parts of the empire which were set up comparatively recently and usually have the most marginal business. Retreat means leaving already depressed areas further depressed.

Installed capacity is best looked at through the objective of maximising contribution — the difference between variable manufacturing costs and sales revenue. This is a difficult process involving precise calculations of costs, profit and volume, allied to a pricing policy which yields the highest volume and contribution.

5—Pay and Union Affairs

These are linked so closely it is difficult to separate them. The *unions* may be *quiescent now* but for how long? There is an air of realism abroad which is not so surprising when so many jobs are at risk. Pay rises, if any at all are given this year, will be in the 3 to 4 per cent range. Suddenly it seems that management is managing for the first time in years.

Yet we are not so deluded as to believe that our problems with the unions are over for ever. Pay was always a bone which stuck in our throats. We agreed to individual incentives because these seemed to need managing least. At least we got reasonable output, if at a high cost, through worker manipulation. It never gave us the basis for payment directly related to what the business could stand or what local productivity deserved. If we are to turn the gains we have recently made into long-term achievement then it is essential that we quickly design new pay systems which give us both high productivity and business related pay.

We need to ensure that the new realism is perpetuated through our joint consultation procedures. This is a dilemma we have failed to solve and through discussions it appears most other industrial organisations have not done so either. We know that the problem is in temporary hiding; it has not gone away.

6—Cost Control

We always had fairly tough controls over production costs such as direct labour or production materials. What we have never really considered deeply are the discretionary costs which we should either be able to accept or leave alone. Few management textbooks have ever mentioned the fact that up to 15 per cent of all costs incurred in an organisation could be of a voluntary nature.

Technology both helps and hinders. A new telephone system allows anyone to dial anywhere without going through an exchange. But the expensive computerised monitoring system which checks how often Joe Bloggs is dialling his cousin in Melbourne produces so much print-ont that half the trees in Finland have to be cut down each year.

Discretionary costs should be cancelled—or in the American jargon "zero budgeted." They should then be reinstated only when there is proof that the money to be spent gains a tangible reward, a harsh but rewarding discipline.

7—Management

We look in some envy at those who lecture in the local polytechnic, sit in an office in the beadquarters of the area gas board, or even in our local town hall. Once job security went with comparatively low pay, now it seems insecurity and low pay go together. Our experience suggests that most managers come into industry by default to some degree, and now getting them to leave, except through redundancy, is extremely difficult.

Though morale is low we have rediscovered one important characteristic... the will to manage. It might have been thrust upon us, but it is there. In the past we have tended to shelter behind "Personnel" when the going got rough with the unions. Systems design and manning levels we left to Management Services. If we had a really tough problem we might call in ouside consultants.

When we recruited bright graduates of any discipline, they tended to gravitate towards the service functions if they did not leave altogether. Winkling them out and putting them into line management has been a significant and often traumatic step for them.

Line managers have had to learn that they are there to take decisions and achieve tough objectives in a frighteningly difficult market situation, without sheltering behind services personnel. This is a change to a style alien to the history of much of British industry and certainly to us. It has produced a cultural shock some of our senior managers have found difficult to take.

8—Organisation

Allied to the change in management style, we see the need for smaller sharper units. Taking out layers of management has speeded up decision making, sharpened responses to customer demand and improved communications. Bureaucracy does not flourish when people have lots of work to do. They cut corners, they simplify, they no longer do what is tedious and not worthwhile.

Small, reasonably autonomous, work groups seem the organisational response necessary for those willing to take decisions and perhaps risks in a way they have never done before. One or two clear-cut objectives (no more) and a simple method of control complete the picture. At last we are getting round to implementing the "small is beautiful" idea in practice.

Of course, we all regret that much of this "recession management" was not common practice 10 or even 20 years ago. Now it is being done in a hurry, occasionally without the compassion that might have been shown three years ago.

It is taking its toll even among the most competent and hardened. Our local doctor says that stress is not usually harmful. We bope he is right.

We see little or no upturn in the economy in 1983. Those not immediately involved with industry seem mostly indifferent to its fate. Apparently the UK manufacturing activity is not that important. While we know better we are left with a nagging doubt. Will we quietly sink without trace in spite of all our efforts at self help, while the rest of the economy looks the other way?

THE ARTS

The Tempest/Donmar Warehouse

B. A. Young

The last piece in the Actors' Touring Company's season is a *Tempest* marked, but not always marred, by some notable eccentricities. For example, Prospero is a woman (Valerie Braddell). The change is consistently observed, not only in the text (save where she calls herself "master" of her poor cell), but in the character. She is a motherly woman, who even embraces Caliban now and then. She having been Queen, rather than Duke, of Milan, Miranda is a Princess. Susan Colverd is a rather grown-up Miranda to look at, and uncommonly sophisticated. She plays the violin, rather well, but not always aptly.

John Retallack's production is fatally short of magic, I think deliberately so. Ferdinand (Peter Searlea) enters in a blue serge suit with his jacket over his arm, a red tie in his white shirt. When he meets Miranda, he sensibly addresses her as if she were unlikely to understand English. I wasn't sure that *he* always did. "Admired Miranda!" sounds odd with a comma in the middle. The shipwrecked nobility are fully 20th-century, Gonzalo with a topper and a tailcoat, Alonso and Antonio in lounge-suits, Sebastian with a blazer and a straw hat.

People like this do not go well with the kind of visions *The Tempest* commonly gives us. We are allowed a dance of two masked men and two masked girls, in which I was surprised to see Ferdinand join, but otherwise we must be content with Ariel, who is also a girl (Christine Bishop). Caliban is only an ugly, bandy-legged human in Jack Ellis's portrayal; as Trinculo and Stephano (whose name is variously pronounced) are presented as circus clowns, Caliban is able to join in their roustabouts with never a hint of monstrosity. Mr Retallack is clearly very happy with these circus games, and keeps them going too long and with too much emphasis. Trinculo and Stephano are doubled by Chris Barnes and Raymond Sawyer, a.k.a. Antonio and Sebastian.

The music that the isle was full of relies a lot on drumming, except when Miranda is playing her fiddle. Miss Bishop does not try to sing Ariel's songs. The lack of all the extraneous beauties we are accustomed to throws an extra responsibility on the company to bring out the beauties of the script. Although they add some lines from *Hamlet*, *Macbeth* and *Richard III*, this they hardly do.

Valerie Braddell and Christine Bishop

I liked them better in *Berlin Berlin*, which I saw on Tuesday. This conjures up the sense of isolation felt by the citizens of West Berlin, with the wall looming over them. It is obviously meant as an essay in the style of Brecht, with Brechtian songs at intervals, sung by the company in a Brechtian manner. Both the play and the songs seemed to me to fall short of the necessary power, and the music was a long way from Weill or Dessau. But the matter suits the emphatic style of the company, and the arguments about peace and nuclear missiles should be attractive to the more excitable sections of the public.

Badura-Skoda/Wigmore Hall

Dominic Gill

Paul Badura-Skoda is a distinguished teacher and scholar and an able pianist. *Once upon a time* the position of those adjectives might have been reversed but as the years have passed Badura-Skoda's strengths as an executant have been somewhat overtaken by his prowess in commentary and instruction. Today he is an uneven performer: his recital of Haydn, Mozart, Beethoven and *Schubert on Friday evening*, at times both engaging and provocative, was nonetheless a bumpy ride.

The best was undoubtedly the Beethoven. His account of the Waldstein sonata had the same rough and ready articulation, and lacked the same kinds of gradation, rhythmic, tonal and dynamic, as has opening Haydn A flat sonata no 46. But here, for the first and nearly the last time, there was real excitement — the *con brio* driven forward with relentless energy, the sforzandi cut quick and sharp; the rondo gathered together for its final assault with impressive momentum. Badura-Skoda has the sensitivity not only to observe Beethoven's extra-*ordinary pedalling in the finale*, but also to make it work. The *prestissimo* octave scales were correctly, and bravely, played glissandi. Not a great performance: but irresistibly invigorating.

After the interval, the unevenness and disproportion which had affected the Haydn sonata returned to unbalance Mozart's little set of Duport Variations K573 and Schubert's D major sonata. For some reason Badura-Skoda chose to turn the metre of Schubert's andante from 3/4 into something approaching 6/8—which is not an ambiguity that the melody anywhere needs or implies. It would be too severe to say that he reduced the third *movement to mechanical thumping*: but he cast a very dark shadow over one of Schubert's most radiant and sunlit scherzos. The finale was buoyed up to its conclusion by a kind of manic persistence, admirable of its sort, but by not much else.

Cinderella/Coliseum

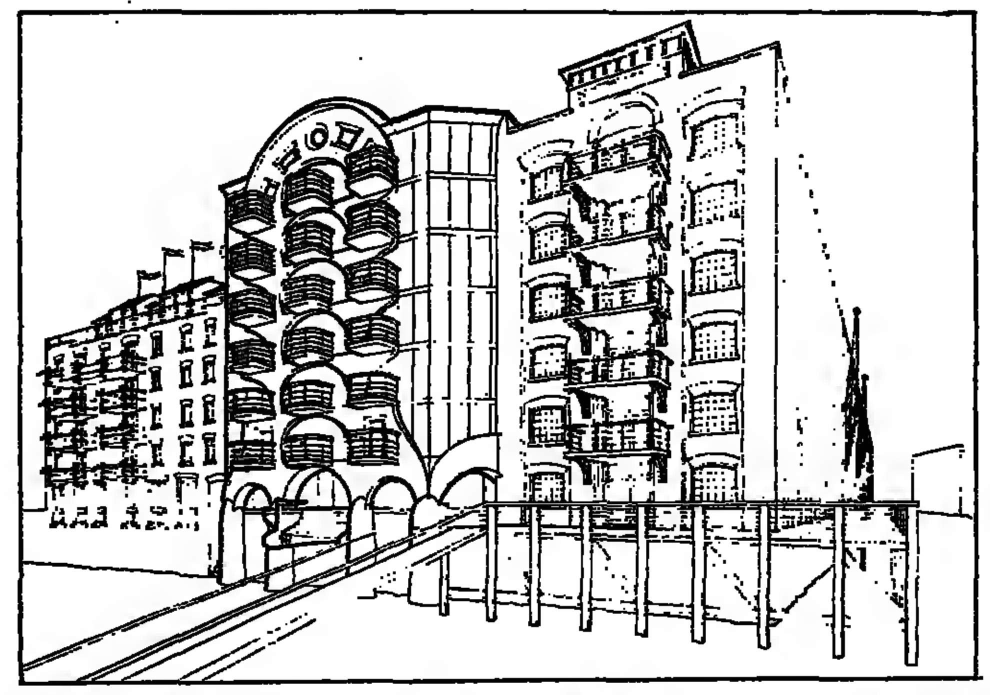
David Murray

"Cinderella" is of course Rossini's *Cenerentola* at the English National Opera, in Arthur Jacobs' bright translation. Its chief jewel remains Della Jones, sparkling as formidably as ever in the title role; but there are some new principals beside her, all better than competent and sometimes very good indeed. The Colin Graham production, pretty, tidy and simple, serves well enough, though it doesn't explore the witty character-possibilities much (sooner or later, the lessons of the recent Cologne *Matrimonio Segreto* must be learned), and what should be Don Magnifico's ludicrously dilapidated mansion is just an exercise in all-white chic.

Stephen Barlow conducts from the harpsichord. One *could wish him readier to pick* up the tempi in sub-*moderato stretches*, and perhaps later he will; but he keeps a rigorously solid beat, which is more important, and the orchestral balance is consistently happy. (The score used at the ENO is weeded of many historical excrescences, with a great gain in crisp colours). The single interval is placed uncomfortably late, perhaps because the more natural break would come after

Ian Caley is greatly welcome to the role of the Prince: reliably elegant technique, sound stylistic intentions, secure and translucent top notes. His agreeably easy manner suggests a sense of humour in the first scene which isn't capitalised upon later—he mustn't risk seeming a smug grandee. The philosopher and *deus ex machino* is Patrick Wheatley, stately if so far a trifle faceless. There is a heavy Dandini from Alan Opie, the voice spreading too much for the good of his line (and he is egregiously dull in his princely masquerade). For Don Magnifico we need a gross comic brute with a flexible bass, where Eric Shilling offers a mean-spirited weasel, fuzzy of tone and never incisive.

Of the silly stepsisters, Catherine Benson — new to the company — has delightful moments and promises more; Shelagh Squires, better accustomed to the big house, is poised and expertly funny. And then there is Miss Jones, hurling brilliant descending scales like grapeshot, erupting unstoppably with *fioriture* — and yet, with her intense singing in simple *piano* (seamless line, shaped from the heart), remarkably moving too. Any opera-lovers who haven't experienced her Cinderella yet must hasten to do it; most of the others will be there again for the third or fourth time.



The strong lines of China Wharf as they will appear from St Katharine's Dock

Architecture

Colin Amery

Living death on the Thames

It's the old, old story. London continues to neglect the River *Thames architecturally and* in townscape terms to an extent that is sometimes unbelievable. Two events of the last week drew my attention back to the River. The arts and recreation committee of the Greater London Council voted unanimously to commission the architectural guru Mr Cedric Price to produce plans to "rejuvenate" the South Bank all the way from Westminster Bridge to Blackfriars.

It is rather a curious choice. Mr Price is full of jokey architecture ideas and his substantial cigar-smoking presence at any kind of architectural event can be relied upon to be provocative. But he has rarely succeeded in building anything more than some kind of recreational centre in Kentish Town which, as far as I recall, consists of sheds and a disused London double decker bus.

Mr Price is very much a man of the 1960s. The GLC is also an organisation that has become rather stuck in that period—they are well *matched*. The GLC apparently feels that the South Bank is elitist. The Royal Festival Hall is too overwhelming for the customers and many of the other buildings of this cultural ghetto appear to be far from inviting. I took a walk round the South Bank last week, having spent a puzzled hour at the Arts Council's amazingly indiscriminate Landscape Art show, to see how the concrete world was looking.

The first thing for Mr Price to observe is that it is always *raining* on *the* South Bank. You leave Waterloo Station and immediately start paddling on those horrible walkways to the Festival Hall. Even if the raindrops are not actually falling there is plenty left from the last shower—particularly in that gloomy and dangerous area where the footpath plunges under the railway bridge.

The second thing Mr Price should do is propose the demolition of the Queen Elizabeth Hall, the Purcell Room and the Hayward Gallery. They are beyond any shadow of doubt the nastiest set of buildings ever devised as places of recreation and culture.

It is very doubtful if a single voice will be heard in their defence. I have never been able to understand why so many of the buildings on the South Bank ignore the river totally. Who ever heard of an art gallery in such a wonderful position that has practically no windows, nowhere for a drink or a rest and, despite the quality of some of the exhibitions, always feels like an abandoned multi-storey car park.

Further downstream the gradual transformation of Docklands from a Dickensian dream into a Miltonic (in the sense of Milton Keynes) mirage continues apace. It is in Bermondsey that the architectural, as well as the political, selection process appears to have run into trouble. There is an agreeable site for a new building on the river in between some exist*ing 19th* century warehouses. The site has amazing views and is almost immediately opposite St Katharine's Dock.

The developer, Jacobs Island Company, which is converting the adjoining New Concordia Wharf into flats and offices, has commissioned Campbell, Zogolovitch, Wilkinson and Gough to design a new block of flats with offices on the ground floor. This organisation is also converting a tower on the site into a private house that promises to be one of the most exciting in London.

The new building is known as China Wharf and it has been considered by the London Docklands Development Corporation and is shortly to be scrutinised by the Royal Fine Art Commission. It is a very talented and original design.

The bulk and shape fits perfectly with the surrounding conservation area. Three cheers are due to the fact that this is no silly pastiche of the warehouse style but an amusing, colourful, and distinctive new building that is exactly what this part of London desperately needs.

Most cheering is the fact that the adventurous river facade uses that dangerous commodity that so frightens planning officers — namely colour. It is a good strong pink that will look marvellous from the north bank of the Thames and suits perfectly Bermondsey's new political complexion.

New York opera

Strauss and Wagner

Andrew Porter reviews Arabella —and Parsifal

The Met first staged *Arabella* in 1955, with Eleanor Steber and George London, in English; Kempe conducting. The production (it later starred Lisa Della Casa) lasted for 10 years and 22 performances. Now it has been replaced by a new version, in German, conducted by Erich Leinsdorf, designed by Günther Schneider-Siemssen, and produced by Otto Scheuk. Kiri Te Kanawa takes the title role. *Arabella* stands or falls by its heroine. This one, I think, falls.

Something odd has happened to Dame Kiri, at any rate over here. Her Met Fiordiligi was lifeless. Her Marschallin, which opened the current season, and now her Arabella are somehow altogether too damned *gracious*. She makes the effect not of creating a character but of bestowing her patronage upon the rest of the cast, the work, and the audience. There is nothing spontaneous or uncalculated about her performance. Nothing in the least Lotte Lehmann-like. She relates to no one else on the stage. She arouses no feelings in the *listener* — *nothing beyond* admiration of some very beautiful sounds from time to time.

Arabella is an opera about which I have shuttlecock feelings, and Arabella herself is the battledore. If she is charming, interesting, brave, and attractive—and if one senses the potential of tragedy, that she may be forced into unhappiness in order to save her feckless family—all is well. The opera seems worth doing, more than just four lovely lyric passages (Arabella's two solos, and her duets with Zdenka and with Mandryka) set in a confection. If not, it is operetta matter inflated by opera words and opera music. Strauss was aware of the danger. When Hofmannsthal's draft reached him, he complained that Arabella was uninteresting and almost unattractive, and by wise suggestions he sought to give the characters and the plot more warmth, depth, and conflict.

Kathleen Battle was a charming, spontaneous Zdenka, but a shade light of voice in so large a house. Bernd Weikl's Mandryka was rawly sung, often out of tune, and unlyrical in line. Gwendolyn Bradley's Fiakermilli was sweet and pure, not quite sparky enough. (What a wretched role it is; no wonder Krauss begged Strauss to excise it.) Donald Gramm's Waldner was polished. Leinsdorf paced the piece securely, but his conducting was dry, unemotional. Schneider-Siemssen's decor is realistic, detailed, and distinguished, but by reducing the huge Met proscenium arch to a narrow slit it gives the curious effect of live opera aspiring to the conditions of a television show.

In a concert performance in Carnegie Hall, Eve Queler gave the American premere of Strauss's first opera, *Guntram*. It is a likeable work, generous in invention, earnest in endeavour, uncompromising but also impracticable in its execution. Ernest Newman in 1908 called *Guntram* "altogether a great work" and said it should be staged. But the dramaturgy is clumsy, and the title role is more taxing than Tristan. Reiner Goldberg, in his American debut, sang the notes well enough; no tenor could fling himself into the three huge narrations, and all the rest, with the ardour, power, and dramatic accents that Strauss calls for and stay the course.

Ilona Tokody, the Budapest *and Vienna* prima donna, *also* made her local debut, in the role created by Pauline Strauss. She is efficient, conscientious, energetic, accurate, but her timbre is hardly beautiful. A fine young baritone, Roger Roloff, who took the role of the Old Duke, is someone to watch for. His next assignment is Karenin in the Los Angeles production of Iain Hamilton's *Anna Karenina*.

Miss Queler conducted with spirit and discipline. It was interesting to hear the work again. (The BBC performance conducted by Pritchard circulates here on pirate discs.) At the least, the preludes to Acts 1 and 2 should stay in the repertoire as concert pieces, for they are richly beautiful. Guntram's narrations might also be welcome on concert pieces; uncumbered by the whole role, a tenor could sing hem with the force and freedom they require.

The Bayreuth television *Ring* is dribbling out here over a *six-month period*. As *Rheingold* ended, the *Walküre* loveduet struck up, running into the Funeral March—trailers for far-off instalments. Hans-Jürgen Syberberg's film *Parsifal* is on show. I found it rivetting—a wonderfully rich, dense, colourful production of the opera, prodigal in its allusiveness; a presentation in which the "footnotes" dealing with origins and cross-references have been taken into the main text. Images from the original 1882 *Parsifal* and from Wagner productions of the last century (including Wieland's and Chéreau's) find a place in it; all that went into the making of *Parsifal*, and a century of others' thought about it.

Kundry rises in a forest pool of tears which have collected on the giant Wagner deathmask that forms the main set—the Grail Hall deep within it. Behind her is a projection of the Palazzo Giustianini, in which she first took shape in Wagner's mind. Mathilde Wesendonk and Judith Gautier are among the Flowermaidens. And so on. Onstage, such a production would be maddening. As a film, it provides an enthralling experience. And it is securely built on the basis of a very fine musical interpretation. Reiner Goldberg, Yvonne Minton, and Robert Lloyd are as fine as Parsifal, Kundry, and Gurnemanz as I have ever heard. Armin Jordan, conducting, reveals himself as one of our finest Wagnerians.

Wagner's centenary deathday fell on a Sunday. The day before, the Met played *La Gioconda* and *La Bohème*. But at the New School there was an all-day *Totenfeier*, a symposium

Giacomo Manzoni/Festival Hall

Max Loppert

On the principle that any important area of contemporary music previously neglected deserves examination by the BBC, Friday's British premiere (also broadcast) of *Masse*, a "homage to Edgard Varèse" by the leading Italian Giacomo Manzoni (b.1932), was worth undertaking. On most other grounds of judgment, the exercise seemed hard to justify.

Manzoni, a composer who came to creative maturity during the darkest and most dogged days of postwar total serialism, is also a member of that Left Wing of Italian music which houses (though in rather different estate) Luigi Nono. *Masse*—a title which refers, of course, to masses of sonic, not of human, material—constructs a scenario in which the central opposition of solo piano (Maurizio Pollini, the work's dedicatee and formidably muscular protagonist) and *various orchestral groups* remains implacable. Though rhetorical interchanges are offered on the way which hint, at times, at concerto manners of an older kind, Manzoni's end *is his* beginning, and it is logically reached.

A philosophico-political "programme" may be inferred from Manzoni's groundplan—one gets a strong whiff of it in the note (written in the peculiarly impacted language that is the keynote of the Italian avant-garde) accompanying the recent DG recording of *Masse*. But any piece of music whose ideas prove more interesting to read about than to listen to can hardly be counted a success; for *Masse* is a fearfully dull 20 minutes, splodging out its grey material (for ideological reasons the composer spurns development of thematic ideas, for this implies "a discourse that is no longer credible"), opposing sonorities that may have been carefully and rationally calculated but which lack all basic animal vitality. To pay homage to Varèes thus, in a work that appears to have learned nothing of his dramatic excitements in the manipulation of timbre, is a curiosity—as are those splashy episodes of solo "cadenza," like the burblings of a cocktail pianist in the wrong lounge.

Admittedly, the work attains a more sharply cut profile on *the record than it did* in Friday's performance by the BBC Symphony; but as Charles Groves had very bravely taken over as conductor from the indisposed Giuseppe Sinopoli at a very late stage, that was hardly surprising. In the second half Sir Charles led a performance of the Mahler Ninth Symphony dedicated to the memory of Sir Adrian Boult.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Music

February 25–March 3

LONDON

London Symphony Orchestra conducted by Gustav Kuhn with Paul Tortelier, cello. Haydn and Strauss. Royal Festival Hall (Mon). (928 3191).

Halle Orchestra conducted by James Loughran with Nathan Milstein, violin. Lennox Berkeley, Tchaikovsky and Sibelius. Barbican Hall (638 8891) (Mon).

Sir Lennox Berkeley 80th Birthday Concert with James Galway, flute and Phillip Moll, piano: Berkeley, Poulenc and Martinu. Barbican Hall (Tue).

Royal Philharmonic Orchestra conducted by Yuri Temirkanov with Ruggiero Ricci, violin. Rossini, Brahms and Stravinsky. Royal Festival Hall (Tue).

English Chamber Orchestra conducted by Raymond Leppard with Neil Black, oboe. Italian Baroque. Queen Elizabeth Hall (Tue). (928 3191).

Alfred Brendel piano. Beethoven sonata cycle. Queen Elizabeth Hall (Wed).

Buddy Rich with the Buddy Rich Orchestra: Queen Elizabeth Hall (Thur).

Monica Huggett, violin and Jakob Lindberg, lute/guitar. Bach to Paganini. Wigmore Hall (Thur).

PARIS

Ventsislav Yankoff: Beethoven, Chopin (Mon). Salle Gaveau (56 320 30)

Via Nova Quartet: Jolivet, Dutilleux, Honegger. Merlet (Tue), Salle Gaveau.

Amadeus Quartet: Brahms (Tue, Thur), Theatre Des Champs Elysees (7234 777)

Ensemble Orchestral de Paris conducted by Jean-Pierre Wallez: Beethoven (Wed). Saint-Roch-Church (56 320 30)

Orchestre National de France conducted by Luis Garcia Navarro with the Radio France Choir: Falla (Wed). Theatre des Champs Elysees (7234 777)

Orchestre de Paris conducted by Daniel Barenboim with Radu Lupu: Beethoven, Reimann, Strauss (Wed, Thur). Salle Pleyel (56 388 73)

Catherine Joly, Piano: Liszt (Thur 3pm and 8pm). Salle Pleyel-Chopin

Orchestre Colonne conducted by Donati Benzetti, Jessye Norman, Soprano: Verdi (Thur). TMP-Chatlet (261 1983)

NEW YORK

New York Philharmonic: (Avery Fisher Hall, Lincoln Center): Christoph von Dohnanyi conducting. Bella Davidovich piano (Tue); Seymour Lipkin, piano (Thur). Beethoven, Schumann, Trojahn First Sea Picture (U.S. premiere), Strauss. (874 2424)

Carnegie Hall: Hakan Hagegard, baritone, Mozart, Stenhammer, Grieg, Nielsen, Sibelius, Duparc, Schubert, Berg, Wolf (Mon); Raphaele Trio, Dvorak, Mendelssohn, Brahms (Tue); Toulouse Chamber Orchestra, Michel Debost flute. Aubert, Rameau, C.P.E. Bach, Leclair, Bartok (Wed). (247 7459)

WASHINGTON

National Symphony (Concert Hall, Kennedy Center): Mstislav Rostropovich conducting, Andre Watts piano. Debussy, MacDowell, Schubert (Tue, Wed, Thur). (254 3776)

CHICAGO

Chicago Symphony & Chorus (Orchestra Hall): Claudio Abbado conducting, Maurizio Pollini, piano. Mozart, Gabrieli, Schoenberg, Wagner (*Thur*). (435 8122)

VIENNA

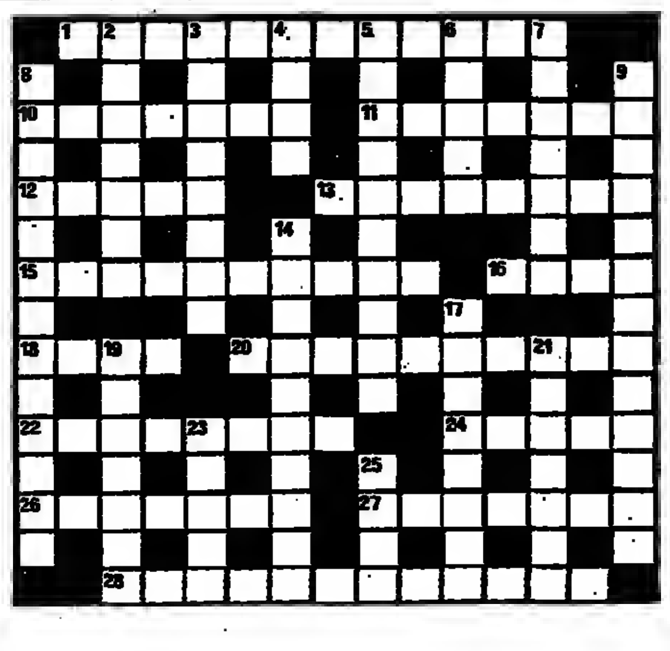
Musikverein (658 190): Alfred Brendel, piano. Beethoven Sonatas (Mon); Medieval Ensemble of London. Love songs of the later Middle Ages (Thur).

Konzerthaus (721 211): ORF Symphony Orchestra, conductor Kurt Rapf. Beethoven, Schmidt, Kont and Rapf (Mon).

ZURICH

Tonhalle: Zurich Chamber Orchestra with Zoltan Kocsis, piano conducted by Edmond de Stoutz. Haydn, Mozart and Bach (Mon); Zurich Camerata conducted by Raeto Tschupp with Christian Zacharias, piano. Bialas, Haydn and Mozart (Wed).

F.T. CROSSWORD PUZZLE No. 5,109



ACROSS

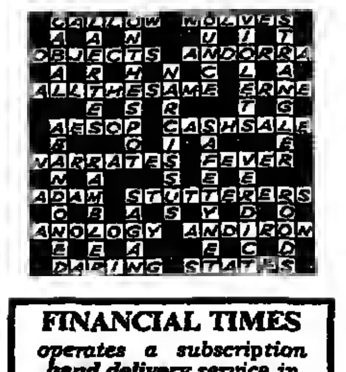
1 High court judge (6, 6)
10 A newspaper gives it a bold presentation (7)
11 Concentration required when driving in France (7)
12 Direction from the governor that must be obeyed (5)
13 See lambs rounded up and put together (8)
15 Sign for a missing letter (10)
16 Conditionally give a fast time (4)
18 Gives a touching display of regal appreciation (4)
20 Decline to leave rubbish for removal (6, 2, 2)
22 Neglect nothing on a job (8)
24 I'd acted as a guide, yet didn't do any work (5)
26 Time to take in a strange rite by the Red Sea (7)
27 T. S. Eliot production for ladies and gentlemen (7)
28 Be quite sure you're very sensitive (4, 8)

DOWN

2 Stop and go after amber changes (7)
3 They open out for the novice (8)
4 Team with an air of superiority (4)
5 Pipe bursts each summer (10)
6 Publication for children (5)
7 Give a subject a title, perhaps (7)
8 They brighten up the garden with one colour amid other colours (8, 5)
9 Key point of a hotel? (9, 4)
14 Happen to reach a gap in the hills (4, 2, 4)
17 The cause of Ironside's confusion? (8)
19 A factor in debt-collection (7)
21 Instruction to the mechanic might be a bore (3-4)
23 Wait to start the game (5)
25 It's up to Rex to make a move (4)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

Solution to puzzle No 5, 107



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Mr Andropov at home

REFORM of the Soviet economy may be on the way. In an article published this week, Mr Yuri Andropov, Soviet leader, promised "measures that will give broad freedom of action to the colossal creative forces in our economy." While still stressing labour discipline, he also called for better work incentives and for "ever wider use of on-the-spot initiative." So far we have only seen Andropov the economic disciplinarian, but there is now a glimpse of Andropov the reformer.

This coincides with an apparent improvement in the Soviet economy. Industrial output last month showed an increase of 6.3 per cent and productivity a rise of 5.5 per cent above levels a year earlier. These increases were double the average in 1982, which was one of the worst years for the Soviet economy since the war.

One month's figures are statistically insignificant. Given the long cycle of Soviet planning, many of the bouquets for short run economic improvement can still be laid on Mr Brezhnev's *grave*. But last month's figures have political significance, coming so soon after the accession of Mr Andropov. The January improvement will at least have confirmed to Mr Andropov that he *is* on the right track in believing that his country has large reserves of productivity, which can and should be tapped.

Prospects

Prospects for maintaining the improvement this year are quite good. Much will depend on the grain harvest. A poor crop for the fifth successive year would be more than unwelcome—but not insupportable, if the Soviet Union's means to buy imported grain hold up. The Soviet Union gets nearly 70 per cent of its hard currency from selling energy and around 10 per cent from gold. The collapsing Opec price has clearly undermined the former, though the Soviet Union was one of the first oil exporters to cut its crude price to preserve market share.

Partially offsetting this loss has been the rise in the gold price, a trend which the Soviet Union is well placed to exploit. Its 1982 gold sales were well *below its annual production* rate, and its stocks of the yellow metal are huge.

But, ultimately, the ability to borrow and to continue to import grain and western machinery is a slender prop for so big an economy. It is on the internal, not external, workings on the Soviet economy that doubts centre. Certainly workers, managers, bureaucrats throughout the economy have been put on their toes by the Andropov efficiency campaign. They haven't seen anything like it for many a year. But over time the shock effect will wear off, or produce diminishing returns. The Press stories which are now daily exposing the inefficiency or malfeasance of Brezhnev-era appointees will inevitably wane as Mr Andropov's men come to fill their jobs.

In the long run only reform can sustain improvement in the Soviet economy. It is clear that Soviet leaders now accept economic reform elsewhere in the eastern bloc. Virtually every East European country now has its reform programme—highly developed in Hungary, ambitious but half-formed in Poland, more limited in Bulgaria, embryonic in Czechoslovakia. The common denominator of these is a measure of autonomy for state enterprises and a narrow window of opportunity for private service businesses.

Changes

Mr Andropov is making reformist noises, decrying overcentralisation, urging flexibility to allow innovation, calling for tougher accountability for enterprises and for fatter pay incentives for workers. But this has hardly been translated into action yet.

The economic changes he has made have been in personnel. The politburo is still very much as Mr Brezhnev left it. But beneath this level Mr Andropov has already made several changes in key economic institutions like Gosplan and Gosbank and created a new economics section in the party central committee under a technocrat of his choice. The time is approaching when Mr Andropov will have the power to put theory into practice.

Radical reform in pensions

BRITAIN'S occupational pensions system is in need of radical review. In no time at all privately administered pension funds have mushroomed from relative insignificance into a heavily concentrated, inadequately accountable pool of capital worth £70bn or more. And it is widely acknowledged that the pension benefits from this colossal fund are inequitably distributed, since redundant or averagely mobile employees usually end up subsidising their less mobile colleagues' pensions at times of high inflation.

Problem

Signs of increased interest within the government on both counts is thus welcome. It will, however, take time and ingenuity *to turn aspiration* into reality, particularly where the preservation of early leavers' pension rights is concerned. Pension fund membership has undeniably become a crucial constraint on job mobility, but most proposals for removing the constraint are costly.

The problem arises partly because pension rights are expressed in terms of a promise related to pay at the time of retirement. If an employee moves to another job, pension rights from the former employer's pension scheme will be fixed by reference to final pay on departure, not at the time of retirement. Only to the extent that the former employer feels generously inclined to make up for subsequent pay inflation will the mobile employee escape a financial penalty.

Many, *including the Government's* Occupational Pensions Board (OPB), have tended to see the solution in terms of having employers increase deferred pension rights to compensate for some or all inflation willy nilly. Much of the inequity stems, however, from the link between pension and job. So the more radical option, which is now being canvassed, is an attack on the practice of making employees join the company pension fund as a condition of employment.

Option

Allowing employees to opt out is, however, less easy than it sounds. The government cannot simply leave it to individuals to do their own thing; the temptation for the young or the improvident to spend pension contributions would be too great, and the state scheme offers too meagre a safety net. It might, then, be necessary to insist on contributions being handed over to approved institutions, brokers or other intermediaries, who would be required to report to a regulatory authority (such as the OPB) if contributions ceased, or if investments were *made out*side carefully defined trustee categories. This would be cumbersome.

At the same time companies may well be hostile to the proposal, and not just because they are losing one of the cards in the pay bargaining pack. Assuming that they were still required to pay a pension contribution for those who opt out (which is essential if job *mobility is to be encouraged*) the cost of funding the scheme could escalate sharply.

The present level of private pension promises is sustainable only because the early leavers are subsidising long stayers; and the long stayers' pensions become increasingly expensive to fund as they approach retirement. Those more likely to opt out are the less costly young members. Companies could thus face a dramatically increased bill for pensions funding. They may prefer to offer less generous pension rights thenceforth.

Principle

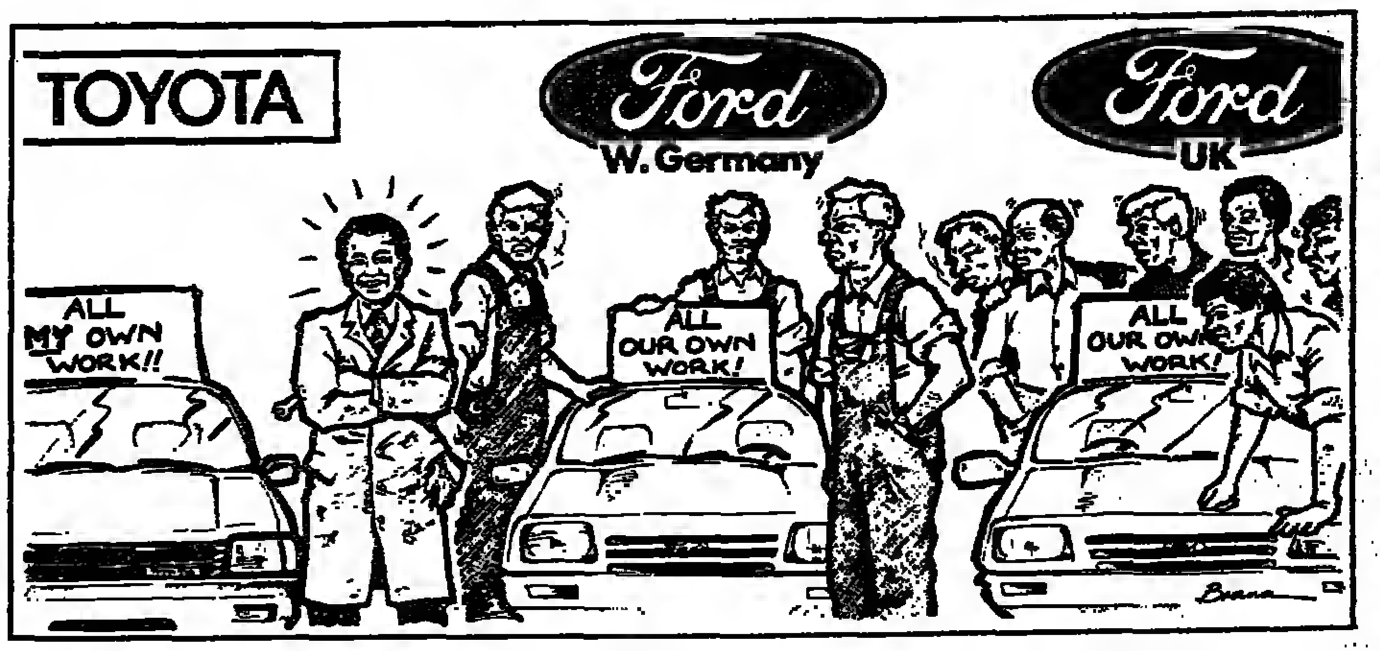
That is the measure of the test that the government faces if it takes the radical course. In the meantime the accountability issue raises less intractable problems. An inter-departmental group in Whitehall is already considering what the government might do in relation to disclosure, the legal framework and supervision.

The government has accepted the principle of legislation covering disclosure. And since much work has already been done by the Accounting Standards Committee and others in this area, there may be a case for earlier action on disclosure than on the legal structure and supervision. But if disclosure is to act as a real discipline on the funds in the meantime, it is essential that pension fund accounts and actuarial reports should be available not just to the members but to the public. Given the size and importance of the pension funds in the economy, wider accountability is justified on more fundamental grounds.

FORD IN BRITAIN

The yawning productivity gap

By Brian Groom, Labour Staff



❛It took six Ford workers at Halewood to produce one vehicle in the time taken by three at Saarlouis and one at Toyota's Tsutsumi plant❜

FORD OF EUROPE calls this year 4 AJ, or After Japan. In the last three years, Ford's effort to match the success of Japanese car makers has yielded two notable results: improved manufacturing efficiency across its European operations, and increased pressure on Ford of Britain to close the yawning productivity gap with sister plants on the Continent.

In a drive to attain Japanese flexibility, semi-skilled workers in Belgium and Germany are taking on tasks hitherto reserved for craftsmen. Conversely, skilled electricians, fitters and toolmakers are on production line jobs, where they can respond immediately to breakdowns.

Greater progress than for years is being made in Britain, too. But, says Mr Bill Hayden, Ford of Europe's vice-president of manufacturing, it is not fast enough: "Here we have to fight demarcations, protectionism, resistance to change."

There are also frequent disputes, illustrated vividly when Mr Hayden flew to Liverpool this month to assure Merseyside politicians the company was not planning to close its Halewood body and assembly plant.

His visit coincided with an unofficial strike by 550 foremen over responsibility for on-the-job training of workers, which halted production for six days. When the strike ended, some of the manual workers vandalised completed vehicles in protest at having been laid off without pay.

Last year there were 73 disputes at Halewood, causing output of 26,900 vehicles to be lost. For the UK as a whole, the figure was 35,500 vehicles. Halewood's sister plant at Saarlouis, *West Germany*, has not had a single strike in its 13-year existence.

'The British disease in terminal form'

One Ford manager told the local councillors: "Merseyside has the British disease in terminal form." Mr Hayden refused to give a long-term guarantee that the plant would stay open. Production targets had to be met and the workforce reduced in order to survive competitively, he said.

"Time is not on our side. In recent years our high cost levels have been hidden behind the relatively high prices in Britain compared with the Continent. Now that this is coming to an end it threatens our ability to generate cash flow essential for investment in new products and plant."

In an attempt to cut 1,300 from the 9,700 hourly-paid workforce in the Halewood body and assembly plants by voluntary redundancy and early retirement, Ford has underlined the comparisons with Saarlouis, which shares production of the Escort with Halewood.

Last year Halewood built 721 vehicles a day in a plant equipped to produce 1,015. Sarlouis built 1,232 a day with only 7,300 hourly-paid workers.

Those few Halewood shop stewards who have visited Saarlouis claim *like is* not being compared with like, and that the layout—for instance, of the materials handling area—is different. Ford acknowledges some differences in model mix and equipment, but not enough to invalidate the comparison.

Ford's worries are not confined to Halewood. Although some UK plants such as the Enfield electrical factory and Leamington foundry are among the most efficient in Ford of Europe, the other big car plant at Dagenham, Essex, is missing Sierra output targets by about 25 per cent. Its sister plant at Genk, Belgium, is achieving them.

Unions complain of component and equipment problems and over-strict attention to quality. Mr Hayden replies: "People will not give 100 per cent effort. They are setting their own pace, so we have to push it and push it."

During recent pay talks Mr Paul Roots, industrial relations director, said that since 1976 real labour costs had gone up in Ford of Britain by 77 per cent, and in Germany by only 4 per cent. Real labour costs are defined as wages and fringe benefits offset by productivity increases.

"If we do not close the cost gap between ourselves and the Continent, within a very years we shall be producing vehicles at a loss. None of us needs a crystal ball to see what that would do to our plants and everyone employed in them," he said. Ford's 1981 pre-tax profit of £220m was attributed largely to sale of imported vehicles, high car prices in Britain, and interest on loans.

Productivity gains are being made as Mr Sam Toy, Ford of Britain chairman, acknowledged at last autumn's motor show when he was optimistic about cutting imports. Halewood last year achieved a 7.2 per cent reduction in labour and overhead costs after 6.2 per cent in 1981—but Saarlouis has also made 6 to 7 per cent annual gains.

Overall, AJ has increased Ford of Europe's annual improvement in labour and overhead efficiency from less than 3 per cent to an average of 6 per cent. Last year the figure was 6.2 per cent across Europe, with 5.6 per cent in Britain.

Ford of Europe is running faster to keep up with Japan. Two years ago Ford calculated it took six workers at Halewood to produce one vehicle in the time taken by three at Saarlouis and one at Toyota's Tsutsumi plant. Since then, Mr Hayden says: "I doubt we have caught up with them."

Europe is one of the healthier parts of Ford, repatriating money, management talent and ideas to its U.S. parent. Its achievement so far has been largely to hold its own in a depressed market.

Ford's provisional European market share for 1982 was 12.4 per cent for cars and 11.8 to 12 per cent for commercial vehicles, compared with 12 and 13.6 per cent respectively in 1979. The AJ aim is 14 per cent for cars and 16 per cent for trucks, and Ford hopes its boldly designed Sierra will spearhead an improvement.

The main features of AJ include:

- Automation. Ford of Europe had about 530 robots by end-1982, and intends to have 875 by 1985. Three years ago it had only nine. On the Sierra, 87.5 per cent of spot welds are done by robots.
- Variations on the Japanese kanban, or "just in time," system of operating with lower stocks. Inventories have been cut by 40 per cent, releasing capital and freeing factory space for production facilities.
- Eliminating bureaucracy. Salaried staff have been cut by *3,000 out of a total* of 18,500 in European manufacturing. One and sometimes two supervisory layers have been removed.
- Quality. Halewood has raised "first-time capability" for the total car from 55 to 78-80 per cent on a points system, but lags behind the European average of 90 per cent which is still rising. One-third of Ford of Europe's workforce takes part in quality circles—but virtually none in Britain because of failure to reach agreement with the unions.
- Improving the workforce. Whereas one in five workers in Ford's European plants used to be engaged in repair and maintenance, production workers are now being trained to do simple maintenance and repair on their machines.

Britain is the blackspot, even though improvements are being made, particularly on self-certification of work. Three-quarters of maintenance down-time is caused by breakdowns of less than 10 minutes, which do not appear on the computer in Germany because they are repaired by the operator.

Managers cite many examples. At Halewood, it takes three craftsmen to change the cable on a mechanical weld gun: a mechanical fitter to undo the bolts, an electrician, and a plumber because the tool is water-cooled.

At Saarlouis one worker does it, but at Halewood this change is resisted. There is reluctance to *see* jobs go because of Merseyside's high unemployment. They know, for instance, there are no plumbers at the recently-built Bridgend engine plant in South Wales.

Halewood's problems cannot be understood without reference to the 1960s, when a running battle was fought between stewards and management for control of work—its pace and allocation. Stewards felt the management was vindictive, and given half a chance would increase the workload to an intolerable level.

Ford says many of the restrictive practices have grown up in the last 15 to 20 years. Halewood's labour and overhead efficiency actually declined by 15 per cent between 1972 and 1978. Management cannot switch semi-skilled workers between jobs as it wishes because workers have established their own "Buggins' turn" progression from hard to easier jobs.

In 1981, Ford put to unions an AJ package of measures including job mobility, preventive maintenance, quality circles, fewer demarcations, and automation. Agreement was not reached, and the five productivity measures subsequently included in the 1981 pay deal were too broad to yield much benefit.

Unions say if they are to yield Continental flexibility, they want payments to match. Not only are German wages higher, at Saarlouis there are allowances for working on paced production lines and for production workers who learn skills—for instance, if they change dies in the press shop. In Britain the only opportunity for more pay is to be regraded, which can be considered only once a year.

Ford insists that flexibility should be possible within the existing structure. However, a joint working party has been set up to consider changing it. Unions have proposed three grades, with a line allowance and additional payments for new skills. Ford will demand more flexibility.

Mr Ted Rayment, Halewood operations manager, said: "We have got to devise a more flexible structure and make it work. Without it I cannot see us, without enormous grief, introducing the sort of changes we want to survive."

Unions are increasingly aware of the seriousness of the problems. "We realise there has to be a move towards competing with the likes of Saarlouis," says Mr Bill Broderick, Halewood district officer of the Transport and General Workers' Union. But he points to two difficulties: the heavier workload on those who remain after demanning; and the speed with which Ford is trying to move.

Ford has a dilemma: it needs rapid change, but the faster it pushes, the more it risks disputes. British managers spend much of their time fighting industrial relations crises. The loss of rhythm after a dispute severely disrupts output.

Disputatious urban Liverpudlians

Halewood managers proffer no single explanation for the plant's militancy. There is nothing like it on the Continent. Even in Spain, where disputes can be heated, the line rate is subsequently increased to make up lost production.

At Saarlouis, German law is one reason for the peacefulness: in return for consultation and co-determination rights, the kind of unofficial strikes which rack Halewood are illegal. But attitudes also differ. The complaisant Saarland workforce of villagers and spare-time farmers is poles apart from its disputatious, urban Liverpudlian counterpart.

Ford of Britain has made some progress on its aim to cut the workforce by 40 per cent in the four years to 1985. Currently it has 63,700 employees, compared with 73,272 in 1980. The company's main fear is whether it will continue to keep pace with the Continental rate of productivity improvement, or fall further behind.

Men & Matters

Red faces

Michael Heseltine was switched to the Ministry of Defence partly on the theory that his telegenic powers of persuasion would help to suppress the nuclear disarmers.

But his only perceptible achievement so far has been to *rouse more* hostility — from Yugoslavia.

The Yugoslav embassy in London has formally expressed its "surprise" to the Foreign Office and asked for "an explanation" of a sequence in Heseltine's party political broadcast for the Conservatives last week which showed the red tide of post-war Soviet expansion engulfing all of Eastern Europe including Yugoslavia.

Tito, of course, never depended on the Red Army for his rise to power. He broke with Stalin in 1948. Yugoslavia was never a member of the Warsaw Pact or Comecon: It has good relations with Britain precisely because it is a non-aligned country.

But apart from causing some red faces at the FO, the incident has increased Yugoslav irritation at what they see as a careless tendency in the West to lump them in with the Soviet bloc.

Policy changes

It was billed as a perfect merger, a *marriage* of equals. But the honeymoon for two U.S. insurance companies, Connecticut General and INA, is clearly over.

With $30bn in assets and a $22bn investment portfolio, CIGNA, the industry giant formed from the merger last April, spoke excitedly of being able to "shape our own destiny."

But John Cox, the chief operating officer who gave voice to that optimistic phrase, has quit to pursue other business interests. And faced with the reality of huge underwriting losses and slumping profits, the company now has plans to cut staff by 4,000 in the next year.

Things have also been changing in the boardroom. CIGNA started out with two chief executives—Robert Kilpatrick, aged 58, former chief executive of Connecticut, and Ralph Saul, aged 60, who occupied that post at INA.

Saul has now emerged as the senior man, becoming chairman while Kilpatrick holds the number two spot as president and chief executive. And that pecking order seems to have been decisive not only in how CIGNA will operate, but where.

Two months ago, CIGNA announced that it planned to establish its permanent headquarters in New York. Last week it chose Philadelphia instead.

Kilpatrick said that the switch had been made after further research into available properties. But Saul's comment was perhaps more revealing. "*As a resident of the Philadelphia area*," he said," *I am* delighted with the decision to locate CIGNA's headquarters there."

Suspended state

Nationalised today, denationalised tomorrow. If you thought Britain was the expert in this kind of exercise, think again. Spain has just set the world record: three companies nationalised by royal decree last Thursday were officially declared non-nationalised 24 hours later.

The companies were on the list of "subsidiaries and affiliated companies" published by Rumasa, the holding group that Spain's *socialist* leaders decided had to be expropriated to avoid disaster.

But a few irate phone calls established that they did not, in fact belong to Rumasa at all.

The evidence suggests that Rumasa had no stake in Tuneles del Tibidabo, which runs a tunnel through a mountain near Barcelona; only a three per cent holding in Fletamentos Maritimos, a freight business; and just under six per cent in radiator makers Roca.

Problems sorting out the group *do not end there*. The finance ministry had already complained of false addresses given for some subsidiaries. And one goverment administrator, I hear, was sent north to take charge of a wine company in the *Rioja region, only* to be told when he got there that the company was in Madrid.

Share out

A day to remember on the Johannesburg Stock Exchange last Friday, not because share prices soared or slumped but because brokerage firms paid their employees mind-boggling bonuses out of the commissions earned from record trading volumes in the past month.

The JSE had its busiest day ever on February 7, the day exchange controls on non-residents were lifted. About R52m worth of shares changed hands. Total turnover on that Monday and the following day reached more than half the value of shares traded in the whole of February last year.

Rumours suggest that Max Pollak and *Freemantle*, one of the JSE's biggest firms, was also the most generous. Its dealers are said to have received cheques on Friday for more than five times their monthly salaries. Telex operators were given as much as R5,000 (just over £3,000) each.

Till later

Hard-hit Canadian *farmers* have revived the tactics of the 1930s to fend off creditor banks trying to recoup their loans.

Bank officials, owed $400,000 in loans on a herd of beef cattle by one farmer John Otto, arranged an auction sale of his $100,000-worth of farm equipment.

Came the day of the sale, and 300 other farmers turned up, took over the proceedings and bought the lot for about $20. A $40,000 tractor went for $2.20.

The buyers took the equipment away but plan to return it in the spring when Otto will need it. "We can't let the vultures grab it," said Robert King, a member of the recently-formed Militant Farm Survival Association.

"If we can't be seen on Match of the Day, we may as well hang up our boots"

Settled

A squid was staggering home along the sea-bed, feeling much the worse for wear. A passing dolphin suggested that a breath of air might do it some good. "Jump on my back and I'll take you up to the surface," said the dolphin.

But when they got there, a huge shark cruised towards them. "OK," said the dolphin, "here's the sick squid I owe you."

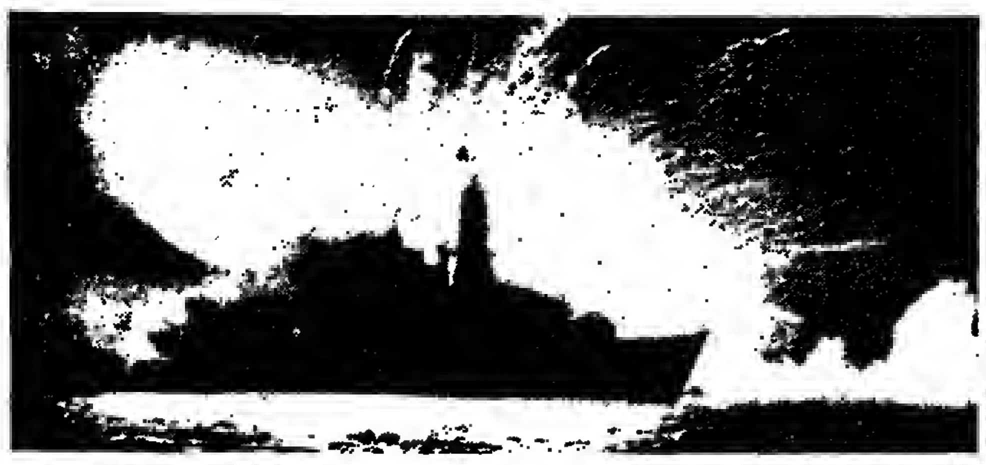
Observer

FOREIGN AFFAIRS

Chauvinism and self-deception

By Ian Davidson

EVER SINCE the Falklands affair, we have been living through a prolonged debate on the institutional problems of Britain's foreign policy. Is the Foreign Office stuffed with elitist appeasers, or are the politicians gutless incompetents, who accept the rationality of Foreign Office advice, bot fail to stand up to the populists in the House of Commons? Is the intelligence service uselsss, and would the Joint Intelligence Committee be more effective if it were chaired by a full-time professional, rather than by some Foreign Office fellow? Will the chasm between the Prime Minister and her Foreign Secretary be deepened or bridged by the appointment of Sir Anthony *Parsons* as special foreign affairs adviser to 10 Downing Street?



The explosion on board HMS Antelope during the Falklands war and Sir Anthony Eden, photographed at the time of the Suez crisis—two turning points in British foreign policy

On the whole, I have tended in tha past to take a strictly constitutional (as opposed to institutional) view of these issues. Parliament is elected, and government *is self-selected, to take* responsibility for foreign policy as for other matters. Many issues are rather complex; bnt if political parties do not produce ministers who can both master the complexities aod impose appropriate political choices, then the fault lies with the parties, not with the mandarins of Whiteball. The longevity of the mandarins gives them undeniable advantages, but It is unacceptably supine of politiciana to pretend that they are rendered powerless by the Whitehall mafia.

Two recent *books have* suggested to me that this may be an oversimplified model of the foreign policy process. The first is o study of the British experience in sending Eurocrats to the Commission and the Council secretariat over the ten-year period since the UK became a member of the Community. The second is a more complex work, which examines a number of key foreign policy incidents since World War II, partly through the dark prism of the British Secret Intelligence Service often referred to as MI6.

In the very early days of British membership of the Community, as is fairly well known, Whitehall was slow in mustering enough candidates to fill Britain's share of tha bureaucratic jobs in Brussels. But the reasons for this failure are less well known, and they are damningly set out in Virginia Willis' new study, Britons in Brussels*.

The first reason was odministrative incompetence. Whitehall grossly underestimated the real salaries of Commission officials, and It underestimaled the experlence and seniority required for the top Commission jobs. Some potential candidates must have been put off by the thought of a move without any financial promotion; whereas in reality the effective remuneration, job for job, was as much as twice as high in Brussels as in London.

The fall of the Heath government *in 1974, and the start of* the tiresome process of "renegotiation," inevitably reduced tha appeal of jobs in institutions which Britain might soon be leaving. But the striking lhing is that, even after the 1975 referendum, Britain still failed to secure on appropriate sbare of the jobs in Brussels. In 1980, for example, Britain had only 325 "A" grade officials In the Commission, compared with 462 for France and 427 for Germany.

Efforts bave been made to rectify this situation. But the most serious obstacle to any improvement has been the nnderlying reservations of the Whitehall establishment about the rightness of British membership. "Neutralism," says Virginia Willis, "towards the Comunity was sometimes the most positive of attitudes in some departments."

She concludes: "Though attitudes are changing, participation in Community decision-*making* has not *yet spread* extensively enough thcoughout the Civil Service to have eradicated deep-seated attitudes based on unfamiliarity and national chauvinism, especially in those departments least concerned with Brussels. There the EC still tends to be regarded as an international organisation beyond our shores. . . ."

If Britain has done less well out of Community membership so far than had once been boped, the fault must lie with many sectors of society. But *Whiteball bears its share of the* blame, since Its attitudes colour the advice given to ministers. It cannot be an accident that France, which for years did best out of the Community's programmes, has from the beginning pursued a very thrusting policy of getting a regular stream of its brightest and best *fonctionnaires* into the decision-making processes in Brussels.

If Anthony Verrier's Through The Looking Glass† has a single theme, It is the converse of the one I have just adumbrated. He takes the *view* that for too long Britain's politicians bave beeo self-deceivers, living in a dream world on the wrong side of the looking glass: for him it is the hard-eyed men of the mandarinate, the "permanent government" as be calls it, and especially the shadowy figures in the Secret Intelligence Service, who ara living in the real world.

It is in many ways a *fascinat-* if somewhat muddled book, and it tells a good deal about the SIS which I, at least, did not know. The details of particular episodes remain, in many cases, unsourced, but the ackowledgments contain an Impressive list of the people interviewed, and the jacket says the book is based "to a degree on tha author's own experiences."

For many years after the war, he argues, Britain attempted to retain the trappings of an imperial power without the resources required for such a *role. The Suez crisis of 1956 is,* of course, the *locus classicus* of this not unfamiliar idea. What is striking obout Mr Verrier's extended treatment of this episode is the significant role which he attributes to key figures in the "permanent government" ond SIS in making sure that the U.S. administration was fully informed of Eden's enterprise, so as to ensure that it would quickly be snuffed out.

Part of Eden's sin, in Verrier's eyes, was that he treated SIS as a sibling of tha wartime Special Operations *Executive, to be used as* much for undercover violence as for the acquisition of information, as if political terrorism could be a substitute for real power. After the defection of Oleg *Penkowski* in *1961, however,* the central vocation of SIS as an intelligence-gathering organisation living in the real world was fully established; according to Verrier, the Penkowski intelligence passed on to Washington by SIS played the crucial role in persuading the Americans that the missile gap on which Kennedy had campaigned was sheer illusion, and thus in averting the danger of nnclear war in the Cuba crisis of 1962.

Mr Edward Heath gets good marks for realism, when he decided in the lead-up to the Sunningdale proposals, to treat Northern Ireland as a political problem rather than as one of imperial containment; but the establishment, both in London and in Ulster, get low marks for failing to realise thal a political approach meant dealing with the Protestants as well as with the IRA and Sinn Fein.

In the Falklands affair, of course, the post-imperial delusions once more came bome to roost: the islands would not be defended, therefore they would not be invaded. In this episode, Mr Verrier makes o claim which is sharply at variance with the secount given in the Franks report. The report plays down the idea that London received bard information that the Argentine had decided to invade, ot least until it was far too late to prevent it. But according to Verrier, "SIS reported the first clear indication of a firm Argentinian intention to invade the Falkland Islands—at a convenient moment rather than at a specific time," three weeks before the Invasion actually took place.

If this is true, then the "permanent government" was much more at fault than Verrier admits. The SIS report was passed on to the chiefs of staff, but not shown to ministers until a few days before the invasion.

Political self-deception is not, of course, confined to the UK. *In 1974-75 four European coun-*tries conducted a prolonged and tense competition for the procurement of fighter aircraft, known as the Sale of the Century. The contenders were *General Dynamics F-16, North-*rop F-17, Dassault Mirage and Saab Viggen, and right until the end it seemed neck-and neck between the F-16 and the Mirage. Yet Ingemar Dorfer *shows, in his absorbing account* Arms Deal,‡ that the victory of the F-16 was inevitable.

The Norwegians always wanted an American aircraft. A steering group decided that the four countries — Belgium, Holland, Denmark and Norway — would only buy an American aircraft if It was also bought by the U.S. Air Force, to ensure commonality. Fly-offs proved the superiority of the F-16 to the other contenders, and when the USAF decided to buy it, the competition was, in effect, over.

While it is easy to recognise the delusions which have too often characterised British politicians, It is hard to swallow Verrier's claims for the steely far-sightedness of the mandarins in the "permanent government." To end where we began, it is striking that he says nothing about its role in the most important foreign policy problem which Britain has faced since World War II, its relations with continental Europe, and nothing obout the role of SIS in successive negotiations with the Community. Yet the chauvinism which at first prevented, and still bampers, Britain's relationship with Europe, is more deep-rooted, more widely-shared, and more symptomatic of post-imperial delusions, than the aberration of the Falklands affair. Unfortunately, they are mutually reinforcing.

** Britons in Brussels, by Virginia Willis; Policy Studies Institute £3*
† Through the Looking Glass, by Anthony Verrier; Jonathan Cape £12.50
‡ Arms Deal, by Ingemar Dorfer; Praeger

Lombard

The meaning of that strategy

By Samuel Brittan

THE Medium-Term Financial Strategy (MTFS), introduced by Sir Geoffrey Howe in 1980, Is likely to be the Thatcher Government'a one innovation in macroeconomic policy that will survive changes of administration and be remembered wben all the tactical and strategic blunders—and there have been quite a number of them—hava been forgotten.

The strategy came to life over the objections of (a) the Bank of England which wanted to run a counter-inflationary policy at its own discretion, (b) Ministers and officials who like John Biffen were bostile to anything involving forward numbers and projections (even though all major businesses use them) and (c) the old *guard Keynesians* who were outraged by the thought that anything as lovely as a "plan" shonld be sullied by being set out In monetary terms rather out In monetary terms.

Bnt as with oll new concepts and ideas, there has been considerable uncertainty about the exact nature of the MTFS. As a matter of record, the key numbers in the original 1980 MTFS were a set of target ranges for the growth of £M3, which was supposed to decline gradually in the years ahead.

Having expressed a preference, before the MTFS was published, for a statement In terms of Money GDP — the natlonal income in casb terms—as its first objective, I went along with the original presentation. This was on the assumption, encouraged perhaps by too conscientious a reading of the small print, that if the relationsbip of the national income to £M3 were to change, either different monetary aggregates would be substituted or the targets changed — at any rate that intermediate objectives would be treated strictly as intermediate.

The 1980 Financial Statement also contained projections for a declining Public Sector Borrowing Requirement (PSBR) as a proportion of the national income. These were said to be of subordinale status — simply the Treasury's best guess of bow the monetary targets could be achieved.

As is well known, £M3 proved a broken reed as a policy guide; but — rejecting some Treasury advice to restate the MTFS in terms of Money GDP — Sir Geoffrey Howe chose in 1982 to put in new target ranges for three different monetary aggregates, the status of thc targets being left unclear.

Meanwhile, however, after a shaky start, the Government succeeded in reducing the PSBR percentage more or less as planned — in fact faster than in the 1982 version of the Strategy. Thus the PSBR figures became for Sir Geoffrey Howe the operative, politically meaningful part of the strategy. When it became clear last year that Money GDP was failing well behind schedule, the Chancellor refused to lake corrective action, despite the context of severe recession and below-forecast inflation. *Fortunately, a correction* bas *come* from the exchange market In the sbape of a lower sterling rate.

It is therefore not surprising that Mr Tim Congdon, the Messel Economic Partner, who believes independenlly in a "balanced Budget," should welcome an Interpretation of the stralegy In terms of declining PSBR *(Lettera to the Editor, Feb 24).* But it is disappointing that he should chide me for an interpretation which concentrates on thc economic aims and is nearer the original intent. He asks why I went along with crude PSBR figures, unadjusted ever foIrcyclical faclors, in the 'ReAd Book" slotements. This was simply because I accepted their original subordinate status and because the famous small print left room for—although it did not require—cyclical adjustments.

Of course, I do not favour a £25bn to £30bn PSBR which would cover all the possible adjustmeots for the cycle, capital spending and inflation accounting. For that, too, is an expression of the "balanced Budget" mentollty Interpreted perversely. The appropriate Budget balance is that which, logether with monetary policy, gives the right, overall stance from the point of view of supporting non-inflationary growth.

In the very long run there are problems if non-inflationary growth requires ever-increasing deficits. But It is unlikely that it would do so. And if It did, the definition of the Budget balance would matter In any diagnosis and treatment.

Letters to the Editor

Consequences of cutting public expenditure

From Mr C. Williams

Sir,—Tim Congdon's defence of balanced budgets (February 24) attributes to the concept of public sector borrowing requirement a more fundamental nature than It deserves. A small reduction in the Government's holding in a corporation can take It out the public sector and Its borrowing out of the PSBR. The implication of making the PSBR target the prime policy objective is that the distinction between pnblic and private borrowing is more fundamental than the behaviour of the markets suggests. Mr Congdon might be happier basing his balanced budget on the general government borrowing requirement (GGBR), not PSBR, yet even this would be altered if the activities of certain government agencles were reclassified aa public corporations. A PSBR target can only be set In the light of a number of considerations and there is nothing magical about the figure zero as that target.

The trouble with the medium term financial strategy bas been that wbile it set a path for public expenditure no target was set for the composition of that expenditure. It is clear that the consequences of cutting public expanditure will be very different if this is done by slashing the road pcogramme than if the savings are made in the social security programme, or If the borrowing target is met by sale of assets.

There is an Increasing awareness of the justification of borrowing to finance capital expenditure and of the importance of the make up of public expenditure as well as Its size. A financial strategy should embrace objectives for the composition of public expenditure and the borrowing requirement, bowever defined, must be determined in the light of that mix. The Prime Minister has likened a balanced budget to a housewife who keeps within her housekeeping budget. A more appropriate analogy would be of one who also stops her husband taking out a loan to improve the bome.

C. A. Williams,
National Council of Building Material Producers.
33 Alfred Place, WC1.

Water workers' strike

From Mr K. Sugars

Sir, — Your Labour Correspondent (February 24) refers to Mr Pat Lowry, chairman, Advisory Conciliation and Arbitratioo Service, and bis team as baving enhanced their reputations as a consequence of their activities during the water dispute — would that we were all in the position of being able to enhance our reputations by arranging to give someone else's money away!

In the long run it would have been better for the strike to continue until the workers were willing to accept the very good offer that bad already been made. Resolution of a dispute ought not lo be an end in itself.

K. A. J. Sugars.
9, Monstone Close,
Sidmouth, Devon.

Greek-Soviet co-operation

From Mr S. Klein

Sir,—The announcement of the Greek-Soviet agreement (February 18) left me shocked and frightened, aa I consider this agreement the most dangerous defeat the West has suffered from the Soviets, since the end of World War II.

How was it possible that this threat did not reach the western powers in time to forestall and counteract such plans. Surely all Nato countriea must have received information, through their representatives, through western industries based in Greece, through the Neo-Democratic opposition party, etc. Why did they not act in time? They could have turned defeat into victory.

Nobody will convince me that Andreas Papandreou would not bave preferred massive western industrial belp, if only because of its *advanced* technology, apart from the financial aid we could have offered him.

We wasted time, discussing naval bases, which now would only serve as an easy prey to Sovlet agents. We must not forget that at least 50 per cent of the so-called technical expert the Soviets will dispatch to Greece in order to deal with their various projects will be highly trained agents. The fact is that they bave now succeeded in penetrating the soft underbelly of Europe, without firing a single shot.

I wonder if somebody detected a glint of satisfaction in Nikolay Thikonov's eyes, when be visited the Stavcoa Niarchos shipyards, hoping that one day they would bear his own name in recognition for the part he played In what I call "The *Soviet take-over* of Greece." Sadly I realise that we deserve our fate.

Stefan Klein.
Via San Raffoele 1,
Milono.

Milk and the French way of life

From Mr B. Adkins

Sir,—You had an interesting article about declarations In Parliament and elsewhere concerning the threatened invasion of your green and pleasant land by French *UHT* (ultra heat treated) milk, which was thought likely to undercut the true and pure British product.

Both UHT and fresh milk are of *course* available "side by side" in France, and both are cheaper than fresh milk in Britain. Full-cream fresh milk at our local supermarket (bought in cartons from a re*frigerated* stand similar to those in the UK) costs FFr 3.30 per litre, which at lhe current exchange rate of just on FFr 10.5 to the pound works out at slightly under 18p per pint. Half-cream fresh milk (which many cholesterol-conscious people prefer) costs only FFr 3.10 per litre or just under 17p per pint.

UHT milk is in fact slightly more expensive (full-cream nearly 20p and half-cream just over 17p per pint) and it ls bought mainly because it keeps much longer and, until a carton is unsealed, It need not be refrigerated. Very few would dispute that on its own *(nature)* it has a relatively unattractive taste, but since It is used mainly in coffee and other flavoured drinks, or In cooking, this is not very Important.

My wife and I who always use fresh milk (even in our tea and coffee) can vouch that the French full-cream variety tastes every bit as good as that available in Britain, where we were only a week ago. Invasion by this is what you should beware of.

Bruce M. Adkins
13 Avenue du Panorama,
91190 Gif-sur-Yvette,
France.

Storming cycles in Russia

From Mr J. Rostowski

Sir,—Anthony Robinson (February 22) reporting on Andropov's first 100 days may have been too easily impressed by the 6.3 per cent surge in Soviet industrial output in January. The Increase is in comparison with the previous January'a output, and centrally planned economies are notoriously subject to a "slorming cycle" over the year, as firms try to fulfil their plans in December. In Poland which unlike the USSR publishes the relevant data, industrial output in January as compared with the preceding December *has* been *known* to fall by as much as 17.5 per cent.

It ls possible then that in January 1982 In the USSR also there was a lot of excess capacity, and it is this that has been mobilised by the new, lougher, leadership. In tha later months of the year there will be less idle capacity available, and a cootinuation of January's spectacular results seems unlikely.

Jacek Rostowski
(Lecturer in Economics),
Kingston Polytechnic,
Penrhyn Road,
Kingston upon Thames,
Surrey.

A new round of price increases

From the Policy Chairman, National Fedecotion of Self Employed and *Small Businesses*

Sir,—David Basnett is now elated with success at the results on the wage demand in the water industry and looks to use this success in a similar move for power workers. The time has come for Government to freeze the price of gas, electricity, communications and rates. Consumers cannot continue to meet the ever increasing costs. This is especially so with the small business sector.

A new round of price increases to the overheads of small businesses will be the final straw for thousands now on the brink of insolvency. Inevitably this will result in the loss of yet more jobs. A price increase preventiog costs being passed on means they must be absorbed within their own industries. Let the jobs be lost by those that create the problem

Brian A. Prime.
45, Russell Square, WC1

Stags and new issues

From Mrs P. Book

Sir,—Why do the issuing banks merely reserve the right to present all cheques submitted to offers for sale? If they did clear the cheques (perhaps even crediting all or part of the interest earned to the company involved as a profit on issue) stags and bank managers would still have a strong profit incentive but the issue would be more realistically based.

(Mrs) Patricia R. Book,
7 Willow End,
Totteridge, N20.

FINANCIAL TIMES
Monday February 28 1983

PINOCHET FACES GRAVEST CRISIS FOR 10 YEARS

Chile to soften free-market line

BY ANATOLE KALETSKY AND MARY HELEN SPOONER IN SANTIAGO

CHILE'S MILITARY Government, faced with its gravest political crisis since the armed forces seized power in 1973, appears to be bowing to domestic opinion and pressure from foreign bankers and is preparing to reverse several of its free market industrial and financial policies.

New measures are likely to be announced this week to prevent the collapse of about a dozen industrial companies with large debts to foreign creditors. So far, the Government's refusal to provide temporary liquidity to numerous near-bankrupt industrial companies, which owe foreign banks around $500m, has been the biggest obstacle in talks on the re-scheduling of Chile's $17bn external debt.

But late on Friday Sr Ernesto Bertelsen, one of the Government officials appointed in January to administer Chile's financially troubled banks, said that a solution to the main industrial companies' liquidity problems would be made public early this week.

The Central Bank is said to have prepared telex messages to explain the Government's new proposal to Chile's foreign creditors.

Other, more far-reaching reforms to stimulate the Chilean economy are also being widely predicted by local businessmen and foreign bankers in Santiago. After last year's 14 per cent collapse in gross domestic product, President Augusto Pinochet's economic policies have come under unprecedent criticism, even from previously staunch supporters in the business and financial communities.

The possibility of a political threat to the Pinochet regime from n new coalition of businessmen, Christian Democrats and dissident faction in the armed forces is being taken more seriously than at any time in the past ten years.

New public works programmes and a degree of monetary reflation possibly accompanied by import and exchange control, are considered likely by many businessmen and bankers, despite the Government's public insistence that it will stick to its strict free-market approach in both trade and macro-economic policies.

The International Monetary Fund, which is sending a mission to Chile this week, could influence any new policies. But reaching agreement with the private banks is now probably tha Government's most urgent priority. An apparent shortage of foreign exchange in Santiago has led to a sharp depreciation of the peso in the last week and there are growing fears that the slide could get out of control, particularly after last week's devaluation in Brazil.

The debt re-scheduling talks, which could provide Chile with up to $900m of new credit over the next two years, have made little progress in the past month. The banks have insisted that the Government must provide some support for private nonfinancial debtors, which owe about £4bn to foreign creditors, as well as keeping its promise to support Chile's private financial institutions, which owe $6.5bn.

In particular, they have been dismayed by the Government's refusal to provide the $35m required to stave off bankruptcy for nbout a dozen companies in the Vail and Cruzzot-Larrain financial empires.

Companies in both these groups, which until recently controlled as much as half of Chile's private sector, have been brought to the brink of bankruptcy by the Government's intervention in the Chilean banking system in January. This led to the liquidation of the main Vail bank, BHC, and the imposition of a government administrator on Banco de Santiago, the Cruzzot-Larrain's main financial vehicle.

International bankers maintain that the Government must at least support the industrial companies in these groups until the viable and non-viable parts of the two empires can be unravelled. The Government has been reluctant to do this, according to some bankers, because it deliberately set out to destroy the groups for political reasons.

SNCF takes 10% stake in ferry group

By Andrew Fisher, Shipping Correspondent

THE FRENCH railway company, SNCF, has taken a 10 per cent stake in Hoverspeed, the cross-Channel ferry operator formed by a merger between British Rail's Seaspeed and the Swedish-owned Hoverlloyd.

The state-owned SNCF (Société Nationale des Chemins de fer Français) was associated with British Rail in the operation of Seaspeed, but carried only a small amount of the traffic.

Hoverspeed is also looking for another French shareholder from the private sector to acquire between 10 and 20 per cent. New UK shareholders are being sought as well.

SNCF is acquiring its holding through the contribution of its large N500 hovercraft, which has cost about £40m ($60.8m) to build and modify.

Mr John Cumberland, Hoverspeed's managing director, said the SNCF share in the company would be worth £2.2m. SNCF will have debentures convertible into equity and loan stock after a six-month guarantee period.

The addition of the French hovercraft, called the Jean Bertin, will bring the Hoverspeed fleet up to seven. The French craft is one of two; the other was burnt out during construction.

Hoverspeed, which expects to break even or make a small profit in the financial year to October, has put two of its craft up for sale at £3m-£4m each.

Negotiatons on the SNCF stake were completed last week after the French agreed to pay more than £500,000 to bring the Jean Bertin into service.

Foot clings to leadership as Labour faces new challenge

BY MARGARET VAN HATTEM IN LONDON

MR MICHAEL FOOT yesterday served notice that he intended to stay on as leader of Britain's Labour Party, whether or not the party wins the by-election in Darlington on March 24.

The by-election is already being presented as a make-or-break test of Mr Foot's leadership. But Mr Foot yesterday insisted that he would not accept it as such.

Asked in a television interview whether he had any intention, if Labour lost, of resigning, he replied "No, I have not," and later added, "I am not thinking of resigning in any sense whatsoever."

The first opinion polls to be taken following Labour's crushing defeat by the Social Democrat-Liberal Alliance in the Bermondsey by-election last Thursday suggest the party faces a tough fight to hold on to the marginal northern seat of Darlington.

During the past week, Mr Foot's position has come under mounting pressure as a campaign of rumours, widely believed to stem from alternative contenders for the leadership and their supporters, has gathered momentum.

Mr Foot yesterday issued a thinly disguised challenge to members of his Shadow Cabinet to speak out openly or hold their peace.

Rejecting as "malicious fabrication" an article in The Times newspaper, which claimed that most of the Shadow Cabinet believed Mr Denis Healey, the Deputy leader, would replace him within the next month, Mr Foot commented: "Not a single Shadow Cabinet minister has spoken to me in the sense described in The Times, and, since they are all honourable men, I am sure they would have done so, if they felt that way."

This brought an immediate response from Mr Healey, who

Mr Michael Foot

pledged his total loyalty to Mr Foot, saying: "I believe he'll stay and lead us to victory in the next election, and I shall do my damndest to see that he does."

He added: "Mr Foot is one of a very good leadership team, and a very good leader of it. I hope to be a member of that team, but, of course, if I felt I was an obstacle to the success of the party in the election, then I would go."

A similar line has been adopted by other members of the Shadow Cabinet, such as Mr Gerald Kaufman, Shadow Environment Secretary, who, when repeatedly pressed in a television interview to give n positive declaration of his wish to see Mr Foot continue as leader, would go no further than to acknowledge that Mr Foot was the present party leader.

Mr Tony Benn published an open letter to the Shadow Ministers, calling on them explicitly and publicly to deny that they wanted Mr Foot to go. Until they issued personal statements of denial, he claimed, "the speculation will continue and the party's prospects in the general election will be seriously damaged."

While many Labour MPs are deeply unhappy about the state of the party, for which they hold Mr Foot to some degree responsible, it is also widely accepted that any move to replace him is likely to be protracted and bitterly divisive. A poor result in Darlington, which Labour held with a meagre 1,052 majority at the last general election, would increase the pressure on Mr Foot without resolving any of the problems of the succession.

Mr Foot's supporters are, therefore, pinning all their hopes on winning a direct confrontation with the Conservatives, who came a close second in the constituency in 1979, with the closeness of the two major parties squeezing the Social Democrat-Liberal Alliance into the background.

● **Peter Riddell, Political Editor, adds:** The Conservative Party is using its new ICL computer to send letters to 1m voters in 100 key constituencies in the largest political direct mailing operation seen in Britain.

Direct mailing will supplement conventional door to door canvassing with techniques which more closely identify potential supporters and people with influence in local communities.

The operation also has the long-term goal of broadening the financial backing of the Conservative Party. This follows a close study of U.S. experience, where the Republican Party has raised $69m a year through direct mailing from roughly 1.5m people. This is about the same as the Tories' membership is believed to be.

Brussels peace plan for IBM

Continued from Page 1

ny has cut prices of some key products and has formed strategic alliances with Intel, the leading semiconductor manufacturer, and Mitel, the Canadian telecommunications equipment supplier.

If the Commission won its case against IBM, it could order the company to change its business practices, pay fines, or both. Mr Andriessen said last year that he expected the case to run for several more years.

At this stage in the proceedings, the Commission would normally send IBM a list of "remedies" for offences allegedly committed by the company. Depending on IBM's reply, the Commission would then consult EEC national representatives and make a ruling, which IBM would be free to appeal before the European Court.

Strikes close 33 pits in UK

BY IVO DAWNAY IN LONDON

AN INDEFINITE strike by 23,000 miners will shut down the 33 pits in the South Wales coalfield today in protest against National Coal Board's plans to close the Lewis-Merthyr Colliery, near Pontypridd.

There was little evidence at the weekend, however, that the strike would "spread like wildfire" to other coalfields, as Mr Arthur Scargill, the National Union of Mineworkers president, warned.

Today Welsh area officials will begin a national tour aimed at putting their case for support to colleagues in other regions. Delegations will address executives in Yorkshire and Nottinghamshire, followed by meetings at other coalfields later this week.

Despite these moves, coal industry observers are deeply sceptical over the likelihood of any sympathetic action, pointing out four significant factors:

● The recent failures by miners in the traditionally militant Scottish and Kent regions to back similar strikes in their own coalfields. In December Scottish miners rejected a strike over the closure of the Kinneil Colliery, and only last week Kent miners threw out their officials' recommendation to back action over jobs at the Snowdown pit.

● The timing of the dispute near the end of the winter greatly favours the NCB with current stocks at 23.5m tonnes and a further 25m tonnes with customers as demand slackens.

● The narrowness of the Welsh miners' vote. The ballot showed a majority of just 0.4 per cent over the 55 per cent necessary for a strike, and traditionally moderate white collar staff were not included in the poll.

● The NCB had done much to push home its claim that the Lewis-Merthyr pit is doomed by irresolvable geological problems. It adds there will be no compulsory redundancies.

Despite the scepticism, NUM officials last night were confident the strike would win widespread support. Railway unions had already agreed not to cross picket lines and power union officials will be approached for backing shortly.

Mr George Rees, area general secretary, said last night he was sure the men could sustain a long strike if necessary. "The vote has been taken on the basis that the men were told it would be a protracted strike," he said. "Reports in from the areas suggest the mood is good."

The NUM national executive committee meets later this week to discuss the dispute against a background of objections that the strike is unconstitutional without executive endorsement.

HK court move to wind up Eda

By Robert Cottrell in Hong Kong

THE HONG KONG High Court has issued a liquidation order against Eda Investments, a major quoted property group. Eda, which claimed shareholders' funds of HK$1.8bn (U.S.$272m) at the end of 1981, is one of the largest casualties of the collapse which hit the Hong Kong property market last year. The court heard on Saturday that it may now have negative net worth.

Eda shares have been suspended since November 1. Its chairman, Mr C. M. Chung, has not been seen in Hong Kong for several weeks. The winding-up petition was brought by Barclays Asia, the regional merchant banking arm of the UK banking group. Eda Investments' debts are estimated at HK$1.5bn, owed to 29 institutions including Barclays, Bumiputra Malaysia Finance and the Hong Kong Bank group.

The Eda group includes a number of unquoted companies controlled privately by Mr Chung and his family which may be subject to further court claims. One of these, Eda Holdings, may now face a winding-up petition in respect of HK$600m which it borrowed from Eda Investments.

A winding-up petition has already been brought by Dresdner Bank against another private Chung company, Inland Realty. The Chung family has in many cases given personal guarantees against Eda debts. Mr C. M. Chung's son, Mr Frank Chung, was jailed in December in respect of a U.S.$5m loan from DBS Asia which he had guaranteed.

Saturday's court action had been delayed by a 10-day adjournment, sought by Eda to produce evidence of a rescue effort it claimed was being put together on its behalf. The supposed rescuer a little-known company called Macwell, failed to produce U.S.$20m, which it had hoped to put up as a sign of its good faith.

This was Eda's second supposed "rescue" bid. The first, said to involve Middle Eastern Interests, was presented to bankers by a man describing himself as the "roving ambassador to the Republic of Haiti (Retired)." It is not known whether the two initiatives were linked.

Mr Chung and his group were occasional business partners of the Carrian Group, the other major casualty of the Hong Kong property slump. Carrian's public and private divisions are the subject of continuing negotiations to find a rescue package acceptable to banks which have lent it over U.S.$1bn.

See Lex

Mrs Indira Gandhi

During the course of an interview with Mrs Indira Gandhi, the Indian Prime Minister, in last Friday's Financial Times, President Zia ul-Haq was quoted as saying that his first meeting with the Indian leader last November was a "good sign" and n useful first step.

This statement was, in fact, made by Mrs Gandhi during the course of her interview and wrongly attributed to President Zia.

Ex-head of Rumasa retaliates

By David White in Madrid

SR JOSE MARIA Ruiz-Mateos, the former chairman of Spain's Rumasa holding group, emerged from silence yesterday to reject the Government's charges against him, and to claim that the expropriated group could have continued to function normally.

The Bank of Spain was, meanwhile, organising a publicity campaign to forestall a run on deposits at the group's 18 banks when they re-open this morning after three days' forced closure.

Both the Bank of Spain and the Private Banking Association have called on Spanish and foreign banks operating in the country to "refrain from any restrictive measure" in their dealings with the Rumasa units.

Sr Ruiz-Mateos, who was described as looking defeated and tired said in interviews with Spanish newspapers that he was "stunned" by the news of the summary nationalisation and he was getting a team of lawyers together.

He said he felt duty bound to defend himself and the group. Without replying directly to charges made by Sr Miguel Boyer, the Economy and Financey Minister on the group's banking practice, its evaluation of assets and its tax position, Sr Ruiz-Mateos said the Minister's judgments were "subjective" and "incomplete."

THE LEX COLUMN

Holding the line on dividends

In the past 10 days or so, three of Britain's largest companies have reported on a troubled trading year of 1982; they are Lloyds Bank, Commercial Union (CU) and ICI. They have suffered declines in pre-tax profits of varying degrees of severity, the aggregate fall being from £810m to £596m – a decrease of 26 per cent. Yet the dividend payments have either been maintained or, in the case of Lloyds, increased.

Overall, this trio of companies has paid out £210m in net dividends for 1982, an overall increase of just over 5 per cent. Only Lloyds was able to cover its payment out of current cost earnings for the year; CU was not even able to boast proper cover on a historical cost basis, but paid out nevertheless "in order to provide stability of income to shareholders."

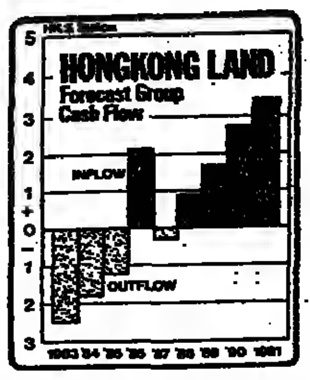
With the dividend declaration season about to move into full swing, it is worth wondering once again about the reasons why ordinary share dividends appear to have become fixtures rather than a flexible response to changing conditions.

A more traditionally-minded organisation, the Bank of England, has after all been murmuring out loud about the prudence of generous dividend payments by banks in the present rather dangerous international banking climate.

The arguments could be very similar for the chemical and insurance industries, even though these have recently received badly-needed bonuses (chemicals from the fall in oil prices, insurance from capital gains in the securities markets).

Dividends have continued to grow over the past year. Income on the FT-Actuaries All-Share Index is showing an increase of just under 9 per cent, usefully above the rate of inflation and not, on the face of it, an indication of grave problems in industry and commerce. Paradoxically, too, the banking sector has generated dividend income growth of some 26 per cent.

There are one or two special reasons for this surge in bank dividends – they reflect increases by the London clearing banks, which are a good deal healthier than many of their foreign counterparts,



and a bank like Lloyds still maintains n very high dividend cover.

Even so, the rise in dividends illustrates just how differently a commercial bank director sees the position, compared to the viewpoint of a Bank of England-type regulator; out there in the battleground of the long-term and short-term capital markets confidence counts for a great deal.

Other things being equal, of course, a depositor ought to feel safer, not more nervous, if his bank retains rather than distributes earnings. But there is a strong herd effect in banking; each individual bank is reluctant to appear less prosperous or less confident than its competitors.

As for the likes of ICI and CU, recovery forever just around the corner, together with a fear of upsetting shareholders, especially the increasingly interfering institutional sort, is the justification for holding the line. But the tax effects are highly inefficient, with a tax liability being incurred on payments which are often only a return of capital, thinly disguised.

Present corporate dividend strategies may make some sense for tax-free pension funds as shareholders, but not for any of the other participants on either side of the equity market, as investors, or raisers of capital.

Hongkong Land

Hongkong Land's refinancing package earlier this month is being followed by a determined rally in the Hang Seng index that signals at least a temporary lull in the storm of doubt that has recently buffeted the colony. The company's own share price reached HK$5 on Friday, still well adrift from its 1982 high of HK$9.70, but also up from the HK$3 low hit in the wake of the tumble in property prices. If investors still have doubts about the long term political future, they now seem persuaded that Land has erected sufficient barriers against short-term uncertainties.

Both Land's spread of interests in corporate Hong Kong and its sheer size – shareholders' funds of around HK$20bn are roughly the same as Government reserves – have ensured that the new secured facility has come on fine terms from the local banks. But its headlong dash for growth has left it with a mountain of debt. Borrowings at its 1982 year-end are reckoned to have reached around HK$15bn against earlier projections of HK$7bn, and they will probably rise by another HK$4bn by 1985.

With a moribund rental market still labouring under the extra capacity coming on the market, and additional funding for several big expansion projects to come, Land is expected to suffer a heavy cash outflow over the next three years. Property trading could cushion the effect, but income from this source is uncertain, and Land anyway has to disentangle itself from some unhappy joint ventures, notably with Carrian.

Profits could well fall to only a little over HK$1bn net for 1982, against HK$1.43bn in the previous year, with the prospect of some acceleration about two years hence if confidence is restored and rentals recover. In the meantime, however Land remains sensitive to interest rates. These may be bearable enough in a relatively depressed economy, and even if the demand for money rises, that ought to coincide with a renewed increase in land values. The main danger remains political – fresh international doubts and pressure on the economy could force the authorities to maintain rates against a shaky economic background.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	-	—	—	Dubrovnik	-	—	—	Malaga	S	19	66	Salzburg	-	—	—
Algarve	-	—	—	Faro	-	—	—	Malta	F	16	61	Seoul	F	9	48
Algiers	-	—	—	Florence	R	6	43	Manila	S	33	91	Singapore	S	33	91
Amsterdam	C	6	43	Frankfurt	-	—	—	Miami	S	21	70	Stockholm	C	0	32
Athens	S	12	54	Funchal	-	—	—	Milan	-	—	—	Strasbourg	-	—	—
Bahrain	C	23	73	Geneva	R	6	43	Moscow	C	-7	19	Sydney	S	27	81
Bangkok	S	32	90	Gibraltar	S	18	64	Munich	R	5	41	Taipei	C	16	61
Barcelona	S	15	59	Guernsey	R	8	46	Nairobi	S	29	84	Tangier	-	—	—
Beirut	F	12	54	Helsinki	F	2	36	Naples	R	11	52	Tehran	-	—	—
Belgrade	C	10	50	H. Kong	C	15	59	New Delhi	S	23	73	Tel Aviv	C	13	55
Berlin	C	8	46	Innsbruck	C	7	45	New York	F	6	42	Tenerife	-	—	—
Biarritz	C	10	50	Inverness	C	7	45	Nice	F	13	55	Tokyo	F	11	52
Blackpool	D	5	41	Istanbul	-	—	—	Oporto	-	—	—	Toronto	F	-2	28
Bordeaux	C	11	52	Jersey	C	8	46	Oslo	C	1	34	Tunis	-	—	—
Brussels	R	7	45	Jo'burg	S	32	90	Paris	C	8	46	Valencia	-	—	—
Budapest	-	—	—	Las Palmas	F	20	68	Prague	-	—	—	Venice	C	4	39
B. Aires	C	24	75	Lima	S	32	90	Reykjavik	-	—	—	Vienna	C	2	36
Cairo	C	13	55	Lisbon	F	14	57	Rio de J'o	C	38	100	Warsaw	-	—	—
Cape Town	F	19	66	Locarno	-	—	—	Rome	R	8	46	Zurich	-	—	—
Caracas	C	30	86	London	C	9	48								
Casablanca	-	—	—	Los Angeles	S	18	65								
Copenhagen	C	0	32	Luxembourg	C	6	43								
Corfu	-	—	—	Madrid	S	12	54								
Dublin	D	10	50	Majorca	S	15	59								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Jaguar faces $4.2m fine

Continued from Page 1

small cars in their ranges, which offset the heavy fuel consumption of their larger models.

Thus Jaguar is now suffering from BL's decision of two years ago to abandon the U.S. market for all products except Jaguar. At the same time, Jaguar produces too many cars – 26,000 are planned this year – to benefit from an exemption from CAFE for makers whose world-wide output is under 10,000 units a year.

Ford, General Motors and several other importers expect to miss the standard marginally this year. But unlike Jaguar, they have been able to build up "credits" for exceeding the standard in 1982.

However, a Jaguar spokesman said yesterday that it had fully expected the penalties and allowed for them in its budgeting. They amount to about 1 per cent of the retail price of the cars, which sell for between $30,500 and $34,000.

A new, more economical six-cylinder engine, the AJ6, is due to be introduced next year, with a lighter car, the XJ40, to follow. Even so, barring a more widespread return by BL to the U.S., Jaguar is now resigned to paying some form of penalty for the foreseeable future.

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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Monday February 28 1983

Eurobond market follows Marxist principles

BY ALAN FRIEDMAN

"THE COINCIDENCE of demand and supply means nothing at all here..."

This view comes not from one of the Eurobond market's new issue managers, but from a now-deceased manager of issues, great and small. Karl Marx wrote these words in Das Kapital, nearly 100 years ago.

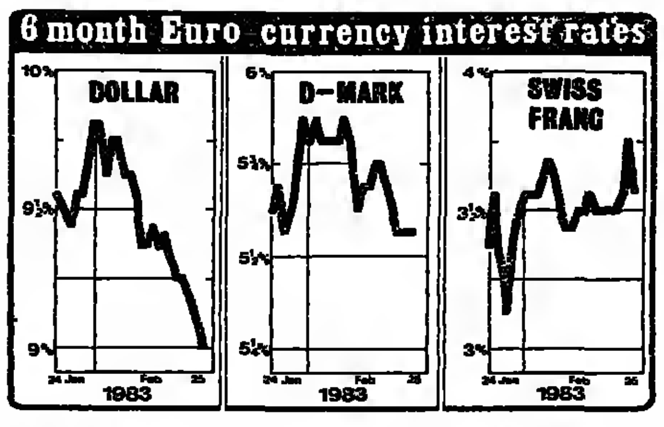
It would have been a very fair comment about last week's Eurodollar bond business, however, where $1.6bn of new issues appeared to be meeting a reasonable reception in spite of a still selective investor community.

Institutional investors shied away from the market until Thursday and Friday, when they moved in to absorb some of the new issues and high-coupon seasoned bonds. Retail investors were still not back in the market in force, but they were picking at older bonds. A 15⅞ per cent 1992 issue for Caisse Centrale de Cooperation Economique, for example, shot from a price of 117½ to 118¾ on Friday.

By the end of the week the market had shifted from a mood of cautious optimism to something closer to genuine enthusiasm. Although prices in Europe did not move dramatically (½ point up for newer issues and a full point for older bonds), hopes of a reduction in the U.S. discount rate were widespread

If the discount rate cut comes this week it will almost certainly pave the way for a buoyant market. Declining oil prices, the lowered U.S. prime rate (to 10½ per cent), a strong Treasury Bond market in New York and the appearance of quality names in the Eurobond market should all bode well.

Last week's new issues mostly seemed to be selling reasonably, and there were a few "blow-outs" which provided a psychological fillip. In the wake of the spectacularly successful $250m Siemens deal (trading at 112 to 113) two more winners came to market – the Prudential Insurance Company of America and Credit Suisse.



The former, a $100m 10⅝ per cent 1993 issue, sold out within hours, as did the Credit Suisse $100m 10½ per cent 1990 deal. The two were quoted on Friday at par and 101 respectively.

Coupon levels for quality borrowers have dropped by around ½ per cent over the past 10 days and new issue managers feel that if a "good U.S. corporate" comes to market this week it might get away with a coupon of between 10 and 10¼ per cent.

Now that bankers expect U.S. interest rates to be downwardly mobile once again, the investor demand which was last week sporadic should now pick up. The only question of demand and supply is whether the new issue managers will flood the market to such an extent that it is overburdened once again.

In West Germany, which today sees the launch of a DM 100m bond for Banque Nationale de Paris, the market should follow New York's Friday rally as well. Euro D-Mark prices were ¾ point higher last week.

Switzerland is suffering from an extraordinary overhang of unsold new issues and on Friday Union Bank of Switzerland announced it was postponing a planned SwFr 50m private placement for Tokyu Land Corporation. The postponement reflects not only the burden of new issues, but also the continuing flow of Japanese borrowers.

Of the 69 new issues (public and private) launched since the start of January, some 38 have been for Japanese borrowers. In volume terms this represents SwFr 3bn of SwFr 6bn of new issues.

Japanese borrowers have, in the past, shown a tendency to move into a market which they find attractive and push it as much as they can.

In Switzerland the new issue managers have adopted their own strategy, which is to demand relatively higher coupons on both public and private placement from Japanese companies.

This has worked up to a point, but lately investors have been increasingly resistant, as demonstrated by the postponement of the Tokyu Land issue.

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead Manager	Offer yield %
U.S. DOLLARS							
Skandinaviska Enskilda Banken ‡	100	1988	5	11½	100	Enskilda Secs., Morgan Gty., Salomon Bros.	11.500
Saitama Bank ‡	50	1990	7	11½	100	BA Intl., Saitama Bk. (Europe)	11.500
Nippon Oil §	50	1998	15	*	100	Nikko Secs., Robt. Fleming, Fuji Bk., Yamaichi Secs.	*
EIB ‡	125	1991	8	11	99¾	BNP	11.058
Stockholm ‡	50	1998	15	11½	99½	Mgn. Stanley, PK Banken	11.570
Prudential (US) ‡	100	1993	10	10⅝	100	Hambros, Bache Halsey, CSFB, Salomon Bros.	10.625
Saskatchewan ‡	125	1998	7	10¾	100	CSFB	10.750
Credit Suisse ‡	100	1990	7	10½	100	CSFB	10.500
EDC ¶‡	125	1988	5	10	100	CSFB	10.000
Enso Gutzeit	50	1990	7	11½	*	CSFB	*
World Bank ††‡	250	1988	5	10⅜	100	First Boston	10.375
World Bank ††‡	150	1993	10	10.9	100	First Boston	10.900
Ontario ††‡	200	1988	5	10⅜	99⅝	Salomon Bros.	10.478
Ontario ††‡	100	2013	25	11½	99¾	Salomon Bros.	11.590
IADB ‡	100	1993	9¾	11	100	Citicorp, CSFB, Deutsche Bank	11.000
CANADIAN DOLLARS							
PanCan. Petrol ‡	50	1993	10	12½	100	Orion Royal Bk.	12.500
D-MARKS							
Ireland ‡	150	1990	7	8½	99½	Commerzbank	8.598
Mount Isa Mines ‡	100	1990	7	7⅝	99½	Commerzbank	7.720

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead Manager	Offer yield %
D-MARKS							
Eurofima ‡	100	1991	8	7½	100	Deutsche Bank	7.500
Sweden **‡	100	1998	7	8	99¾	Commerzbank	8.240
SWISS FRANCS							
Asics Corp. **§‡	40	1988	–	3¾	100	CS	3.750
Norsk Hydro ‡	100	1998	–	5½	99½	SBC	5.550
Generale Occidentale ‡	50	1991	–	6¾	100	Soditic	6.750
Murata Mfg. **§	60	1988	–	3¼	100	SBC	*
Sanyo Electric **§	200	1988	–	3⅝	100	CS	*
TransCan. Pipelines ‡	100	1993	–	5¾	100	UBS	5.750
Citicorp. **‡	100	1988	–	4⅞	100	UBS	4.875
Descente **‡	50	1988	–	5⅞	100	UBS	5.875
Morgan Gty. Tst. **‡	255	1988	–	4⅝	100	UBS	4.625
Denki Kagaku Kogyo **‡	50	1988	–	5⅞	100	Paribas (Suisse)	5.875
Asahi Glass	100	1991	–	*	*	SBC	5.750
GUILDERS							
Sweden ‡	150	1993	8	8½	101	Amro Bank	8.324
Consol. Foods **‡	100	1988	5	7¼	100	Amro Bank	7.250
ECUs							
EIB ‡	60	1991	8	11¼	*	BBL, Amro, BNP, Kredietbank, Soc. Gen. de Bque.	*
YEN							
World Bank ‡	20bn	1993	10	8	99¾	Nomura Secs.	8.198
EEC ‡	20bn	1993	9	8	98¼	Nikko Secs.	8.275

* Not yet priced. ‡ Final terms. ** Placement. †† Floating rate note. ∅ Minimum. § Convertible. ¶ With warrants. †† Registered with U.S. Securities and Exchange Commission. Note: Yields are calculated on AIBD basis.

Doubts persist in wake of loans for Mexico and Brazil

BY PETER MONTAGNON

SOME RELIEF was at hand for both Mexico and Brazil at the end of last week as they seek to draw their shattered economies back from the brink of bankruptcy.

Mexico announced that it had reached its $5bn target for new loan commitments from commercial banks this year, while on Friday in New York Brazil signed contracts for new loans totalling $4.4bn and refinancing of maturing debt of $4.7bn.

There is no disguising the satisfaction felt among leading creditor banks at this achievement. It represents weeks of solid work – seven days a week, and long days at that. The new money for both countries is one of the first tangible signs that the rescue packages designed for badly stricken countries are finally beginning to work despite initial scepticism.

Elsewhere in the banking community there are, however, still some considerable doubts. In Brazil's case this is evidenced by signs that, despite the new money, its external finances remain extremely tight. Simple arithmetic shows that Brazil has to repay short term debts this year exceeding the total new money raised from the commercial banks.

These include the $2bn raised in short term finance from leading banks late last year, $1.45bn from the Bank for International Settlements and Saudi Arabia and the $1.23bn credit line from the U.S. Treasury.

Today it is expected to become assured of a further $5.4bn in loans due to be approved by the International Monetary Fund, but several bankers still feel that its projection of a $6bn trade surplus this year is over-optimistic. This means it may need more loans before the year is out. The country is also still $400m short of its target for restoring interbank lines to foreign branches of Brazilian banks.

The question that remains is how easy it would be to raise new money from commercial banks. Last week's $4.4bn loan may have scraped the bottom of the barrel. If so, next time round there could be pressure on Brazil to find a new source of cash.

Even two other potential sources of credit, the Bank of International Settlements and the U.S. Treasury, appear to be reacting coolly to the idea of additional help in the form of delaying repayment and a new loan of $400m respectively.

Similarly, Mexico may face an additional need if the oil price continues to fall. Sr Angel Gurria, its Director of Public Finance, believes that this can be avoided if interest rates fall. Each one point drop in rates saves Mexico $700m a year, he says, and rates should drop as inflation declines in the wake of the lower oil price. So far, however, there is little sign of relief for beleaguered borrowers on this front. Eurodollar rates have been relatively flat for several weeks, although prime rates were cut on Friday.

All this points to continuing caution on the part of the international banking community towards the debt problems of the developing world. Some new cases, such as Nigeria, seem to be looming and one problem situation that has been simmering for weeks began to boil over last week as Venezuela closed its exchange markets ahead of the imposition of exchange controls.

In the middle of this week Venezuela's Finance Minister, Sr Arturo Sosa, is due to meet a 13 bank advisory group of creditors in New York. The group includes eight U.S. institutions, one of which, Irving Trust, has not previously figured on such committees. It is to discuss a plan that Venezuela has yet to present on the refinancing of $9bn in short term debt this year.

Many of these banks are now extremely worried about Venezuela's ability to manage its affairs. Logic suggests that with reserves of between $8bn and $9bn it should not face problems at all.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

U.S. BONDS

Confidence returns as short-term rates decline

THE SPARKLE and confidence returned to the U.S. credit markets last week, as bond prices jumped and short-term interest rates fell.

Banks cut the prime rate another ½ percentage point to 10½ per cent and the only disappointment was that the Federal Reserve Board failed, as some had predicted, to slice a similar amount off the 8.5 per cent discount rate.

The markets returned from the extended holiday weekend on Tuesday with renewed confidence, having digested Mr Paul Volcker's Congressional testimony of the week before.

While the stock market took initial fright over the implications of a plunge in oil prices, the credit markets had no such hesitation. Lower oil prices, they reasoned, mean lower inflation and further reduce whatever pressure remains on the Fed to rein in monetary growth,

U.S. INTEREST RATES

	Week to Feb 25	Week to Feb 18
Fed Funds wkly. av.	8.47	8.62
3-month Treas. bill	7.91	7.95
3-month CD	8.30	8.40
30-year Treas. bond	10.78	11.04
AAA Utility	11.88	12.00
AA Industrial	11.63	11.75

Source: Salomon Bros (estimates). In the week to February 9 M1 fell by $1.5bn to $489.5bn.

as the economic recovery gets under way.

It was as though the veils had been lifted and the credit markets, having already displayed renewed strength over the past two weeks, took off.

In the Government sector bond prices rose by almost two full points. The 30-year-bond closed at 98⅞ on Friday, its highest level since last November. At that price it is yielding 10.49 per cent compared to over 11 per cent just a few weeks ago. Corporate bond prices followed. Prices rose by between 1½ points and 2 points, while new issue volumes jumped to $1.7bn.

The expectations of further oil price declines was not the only bullish factor in the markets last week. The Fed funds rate fell to the 8 per cent level, spurred by further Fed action to supply reserves through repurchase agreements.

Meanwhile, the banks, already in the Congressional dog house because of their overseas lending, came under increased pressure to cut short-term interest rates and responded.

The decline in the Fund's rate also spawned a renewed burst of discount rate cut fever, which reached its greatest intensity on Friday.

In the event, the Fed ducked out and announced a $1.5bn reduction in M1 but no discount rate cut. Bond prices traded down from their best level of the day in late trading, but the expectation of a discount rate cut remained.

Thus, at least for the moment, the bears in Wall Street's credit markets appear to have been routed. Dr Henry Kaufman, the Salomon Brothers' economist, epitomised the distinct change in mood by pronouncing that "the list of favourable factors now working in the fixed income market heavily outweigh the negative forces."

How long this conjunction of favourable factors will hold together is now the key question facing both investors and corporate treasurers eager to re-schedule corporate debt.

Among the new corporate debt issues launched last week was another tranche of adjustable preferred stocks issues. Since May of last year, some $3bn of these hybrid issues have been launched with more than half the total coming in the last two weeks.

The bank holding companies have led the avalanche; they are particularly attractive to banks, whose stocks are still selling below book.

A further attraction to the issuer is the relatively low yield that has to be paid while the tax-paying investor benefits from the fact that 85 per cent of the preferred stock dividend is exempt from taxation.

Among the straight debt issues launched last week, the City of New York found market conditions favourable enough to increase a $150m package of bonds to $201.7m.

In the Corporate sector, Xerox launched a $100m issue of five-year notes, while Security Pacific launched $100m of four-year notes priced at par to yield 10.3 per c...

Paul Taylor

SWISS FIDUCIARY FUNDS

Record flow receding

THE FLOW of fiduciary funds through the Swiss banking system, which had reached record levels in the wake of high short-term interest rates, is now definitely receding. The country's central bank has just announced a 6.1 per cent decline in these trustee accounts at 71 reporting banks in 1982, the result of a downward trend which began mid-year and accelerated during the final quarter. Similar reports have been made in the past few days by three of Switzerland's top commercial banks.

The statistics do not give a full picture, in that they exclude activities of foreign banks in Switzerland which are believed to account for up to 40 per cent of all fiduciary business. These banks, however, seem to have experienced much the same trend in recent months.

The sector's stagnation is also illustrated by figures for foreign fiduciary assets of 230 banks. The total, which includes accounts placed with the banks' own foreign branches, was SwFr 194.45bn ($95.79bn) at the end of November 1982, against SwFr 196.96bn at mid-year.

Fiduciary business consists of investments and loan grants made by banks in their own name but on behalf of a client and at the client's own risk. Since transactions basically consist of a channelling of funds into the Euromarkets, high interest rates led to a doubling of volume in 1979 to 1981 and a further increase of about 18 per cent in the first half of last year.

Recent developments have made investments of this kind much less attractive, particularly, Swiss-franc fiduciary business, which declined by almost one-third last year. Foreign-currency accounts did increase slightly—by about 5 per cent on the part of the 71 reporting banks—but fell in real terms in view of the change in the dollar/franc exchange rate.

The sharper decline of Swiss franc business—which generally amounts to about one-fifth of the whole—and of Swiss investors in both Swiss franc and other accounts, is attributed to the particularly sharp fall in Euro-Swiss franc interest rates. Between January and December 1981, the interest rate on three-month deposits in this sector fell from 8.35 per cent to under 3.2 per cent.

Some of the funds withdrawn from the fiduciary accounts seem to have gone into U.S. Treasury bills. Banks also report growing shifts into bonds, especially dollar bonds, in view of the real interest advantage, and to a certain extent into shares.

Opinions differ as to whether many investors left the fiduciary sector under the threat of some kind of taxation. This seems not to have been the case to any great extent, particularly since there would have been time to shift funds if any such decision had been made. In fact, the threat ended this month when parliament rejected proposals for either a 5 per cent withholding tax on the interest from trustee accounts, a 35 per cent withholding tax on such earnings by Swiss residents or a 0.1 per cent stamp duty on the volume of fiduciary and money-market business.

John Wicks

Sharp rise in profits at Alfa-Laval

By Our Stockholm Correspondent

ALFA-LAVAL, the Swedish farm equipment and process engineering group, boosted 1982 pre-tax profits by 28 per cent to SKr 657m ($88), exceeding company forecasts.

Of the total earnings, which exclude extraordinary costs of SKr 2m, SKr 310m were generated in the past four months. Earnings per share are put at SKr 32, up SKr 7 over 1981. All business groups were said to have contributed to the profit improvement, with particular favourable developments in the industrial division.

Group sales grew 13 per cent to SKr 8.2bn. Sales in the industrial division rose 19 per cent, and again account for more than half of total group sales.

The board has recommended a dividend of SKr 8 per share —up SKr 1 from 1981, and a non-recurring bonus payment of SKr 2 per share to celebrate the company's jubilee year.

Ball bearing decline hits result at SKF

BY DAVID BROWN IN STOCKHOLM

SKF, the Swedish ball bearing and engineering concern, has reported a 22 per cent fall in group earnings before taxes, special items, and foreign exchange adjustments to SKr 657m ($88m) last year from SKr 805m in 1981. Sales rose 6 per cent, however, to SKr 14.36bn ($1.93bn).

The company blamed the setback on slacker worldwide demand particularly in the ball bearings division which reported income of SKr 520m on sales of SKr 10.4bn against SKr 851m on SKr 10.1bn a year earlier.

All other divisions reported higher profit margins on increased sales. The most notable improvement was that of the steel operations which swung from a SKr 119m loss in 1981 to a SKr 17m profit last year on sales ahead by 8.7 per cent to SKr 2.37bn.

Steel demand continued to fall in the second half of last year but SKF said its sales volume held up "fairly well."

Group pre-tax income was SKr 1.2bn against SKr 833m in 1981, reflecting a net gain last year from foreign exchange transactions of SKr 124m and from extraordinary items of SKr 426m, mostly from the sale of SKF's stake in Kraangede. Group net profit was SKr 889m against SKr 567m in 1981.

The board has recommended a SKr 7 dividend per parent company A and B shares and a SKr 10 per C share.

Capital spending last year totalled SKr 709m, against SKr 622m in 1981, of which 59 per cent of 1982's spending was self-financed.

The group expects a gradual improvement in demand this year as a brighter U.S. economic climate begins to stimulate European economic activity. Thus it expects 1983 income before taxes, provisions, and foreign exchange adjustments to be close to 1982's despite an expected deficit in the steel division and periods of short-time working in the first half.

New chief for Walt Disney Productions

● WALT DISNEY PRODUCTIONS has elected its president Mr Ronald W. Miller as chief executive officer succeeding Mr E. Cardon Walker, who will resign as chairman and chief executive, May 1. Mr Raymond L. Watson has been named chairman of the board succeeding Mr Walker. Mr Watson, a Disney director for 10 years, will act as vice chairman until May 1. Mr Walker becomes chairman of the newly-formed executive committee of the board succeeding Mr Donn B. Tatum, who continues as a director.

● GULF AND WESTERN INDUSTRIES INC has elected Mr Martin S. Davis vice-chairman and chief executive officer. He was executive vice-president and a member of Gulf and Western's executive committee. The board also elected Mrs Yvette M. Bluhdorn as a director to fill the seat of her late husband, Mr Charles G. Bluhdorn, company founder.

● Dr Gustav Tobler, general manager of UNION BANK OF SWITZERLAND, is to be nominated for election to the board as vice-chairman at the bank's April 7 annual meeting. Mr Henri Andre, general manager and director of Andre & Co., Lausanne, and Mr Charles Firmenich, director of Firmenich SA, Geneva, and general manager of Firmenich & Co., will also be nominated for board membership. Dr Kurt Hess, currently board vice-chairman, and Dr Yves Dunant will at the same time leave the U.B.S. board.

● Mr Tom Masters will be moving to Hong Kong to join the board of JARDINE MATHESON INSURANCE BROKERS (H.K.) on March 1. He will be responsible for the development of major multi-national accounts. He was a director of Jardine Glanvill (UK).

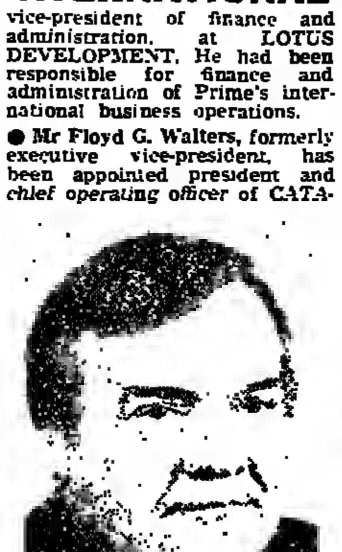
● Mr Leslie Robinson, formerly an international manager at Barclays Bank International's head office in London, has been appointed representative for the BARCLAYS GROUP in Lagos, Nigeria. Mr Peter Freeman, formerly attached to the bank's international finance division, London, has been appointed representative for the Barclays Group in Jakarta, Indonesia.

● Mr Wolfgang Schaer, president of the Hellige Division of LITTON INDUSTRIES in Frieburg, Germany, has been elected a corporate vice-president of the parent company in Beverley Hills, California. He was previously general manager and vice-president of the group's C. Plath division.

● Mr G. Mead Wyman has left Prime Computer Inc to become vice-president of finance and administration, at LOTUS DEVELOPMENT. He had been responsible for finance and administration of Prime's international business operations.

INTERNATIONAL APPOINTMENTS

● Mr Floyd G. Walters, formerly executive vice-president, has been appointed president and chief operating officer of CATALYTIC INC. Mr Richard P. Klopp, president of Catalytic since 1966, will continue as chairman of the board and chief executive officer.



Mr Floyd Walters, president of Catalytic Inc

● Following the first board meeting of the newly-registered BAHRAIN SAUDI ALUMINIUM MARKETING COMPANY, Mr Faisal Ali Mirza has been confirmed as general manager. He succeeds Mr Sandy J. Ross-Macdonald, who is leaving in March to become vice-president at Gerald Metals ASA in Lausanne. The new registration takes account of the 26 per cent Saudi shareholding in the company, but it will continue to be known as Balco.

● International Business Machines Corp has named Mr C. Michael Armstrong group executive, IBM INFORMATION SYSTEMS AND COMMUNICATIONS GROUP, succeeding Mr John F. Akers who was named president. Mr Armstrong was assistant group executive, Plans and Controls, Information Systems and Technology Group.

● Mr Wilbur L. Stevenson has resigned as president of PEND ORIELLE OIL AND GAS COMPANY, a subsidiary of Gulf Resources. Vice-president, legal, Mr William M. Wolf will succeed him.

● EG&G INC has appointed Mr Peter H. Zavattaro general manager of its Energy Measurements Group based in Las Vegas. He was deputy general manager.

● Mr Leonard F. Lombardi has been named to the new post of international marketing manager for UNIROYAL CHEMICAL COMPANY, New York. He will be responsible for marketing Uniroyal's line of industrial chemicals and polymers worldwide.

● Mr Leonard P. Judy has been appointed secretary of LIBBY, MCNEILL LIBBY, Chicago-based subsidiary of the Nestle Group. He succeeds Mr Ian W. Murray, who has been named head of the Toronto company Nestle Enterprises.

● Mr John B. McGilligan and Mr Paul A. Cran have been appointed joint managing directors of TRINITY BANK, the Dublin-based subsidiary of Brown Shipley and Co. Mr McGilligan joined the bank in 1973 and was appointed to the board in 1978 as lending and business development director. Mr Cran joined the bank in 1972 and was appointed to the board in 1977 as operations director.

● ROSARIO RESOURCES CORP of New York, a wholly-owned subsidiary of Amax Inc, has made the following appointments: Mr Michael J. Locascio to director of materials management; Mr James F. Davidson to purchasing supervisor; Mr Byron C. Nelson to manager of transportation services. Mr Kevin P. Manning has been named controller and Mr Michael S. Crowley has been named vice-president —operations, based at Greenwich headquarters. Mr Rafael S. Garcia has been named manager of finance and accounting for the El Mochito mine in Honduras.

● CPI, the European Industrial association for manufacturers of industrial gases and calcium carbide has appointed Mr Marcus Storch, president of AGA AB, Sweden, as its president. As an AGA representative, Mr Storch has held many offices with the CPI, most recently as president of the industrial gases committee.

● Mr Alfons Budde has been appointed vice-president, economic evaluation, logistics and technical liaison of ENOXY CHEMICAL SA. Mr. Budde joined Occidental Chemical Europe SA, in 1980 as vice-president, manufacturing, and technical development. He was involved in the foundation of Enoxy Chemical where he was seconded from January 1 1982.

● Mr Hans-Joerg Furrer has succeeded Dr Caesar Stucki as management chairman of the Zurich-based auditing and trust company, GROUP FIDES.

● Mr George Andrews has been appointed executive vice-president of FERRANTI INDIANA INC, a U.S. subsidiary of Ferranti, which specialises in the production of service station petrol pumps. He comes to Ferranti Indiana from Allied Electronic Inc, where he was general manager.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin. 14¼ 89	75	112⅛	112⅞	+0¼	+1⅛	11.27
Amro Bank 12 89	200	105¼	105¾	0	+0⅞	11.73
BHP Finance 14¼ 89	150	108⅜	108⅞	+0⅛	+1⅛	12.63
British Col. Hyd. 14¼ 89	200	113⅞	114⅛	+0⅝	+1⅛	11.47
British Col. Hyd. 15¼ 92	150	116⅝	116⅞	+0¼	+1⅛	12.15
Canada 14⅜ 87	750	112⅛	112⅝	+0⅛	+0⅝	10.60
Canadair 12½ 89	175	105½	106	+0¼	+0⅝	11.21
Canadian Wheat 11¼ 90	50	100½	101	+0⅛	+1⅛	11.08
Can. Pac. Ltd. 14⅜ 92	75	110	110½	+0⅝	+1⅛	12.65
Can. Pac. Sec. 15 89	75	109⅝	110	+0⅛	+0⅛	12.88
Citicorp O/S 15 84,92	100	104⅝	105¼	−0⅛	−0⅝	10.05
Coca Cola Int. 9⅞ 92	100	24⅛	24⅝	0	+0⅛	10.81
Coca Cola Int. 11¾ 89	100	106⅛	106⅝	+0⅝	+0⅛	10.29
Credit Suisse 10½ 89	100	101⅜	101⅞	−0⅛	−0⅛	10.14
Deutsche Bk. F. 14¼ 89	300	110⅝	111¼	+0⅝	+0⅞	11.69
Du Pont 11¼ 95	150	101⅛	101⅝	−0⅝	+1⅛	11.01
Du Pont 14¼ 89 WW	200	108⅞	109¼	+0⅛	+0⅞	12.01
EDC 10⅝ 88	100	100¼	100⅝	+0⅝	+0⅝	10.60
EDF 12¾ 87	150	104⅝	105¼	+0⅞	+1⅝	11.27
EEC 11½ 95	200	98⅞	99¼	+0¼	+0⅛	11.67
EIB 15½ 92	100	114⅝	115⅛	+0⅝	+1⅛	12.66
Exp. Dev. Cpn. 11⅜ 87	100	103⅜	103⅞	+0½	+1	10.69
Forsmarks 13¾ 92	75	104⅝	105⅛	+0⅝	+0⅛	12.80
Gaz de France 12¾ 93	175	19⅝	19⅝	0	+0⅝	12.32
Gen. Elec. Credit 9¾ 91	100	14⅛	14⅞	+0⅛	+0⅝	10.73
Gen. Elec. Credit 12 89	100	107½	108	+0⅛	+1⅛	10.29
Getty Oil Int. 14 89	125	107⅞	108⅛	0	+0⅛	12.06
GMAC O/S Fin. 10½ 90	200	97⅝	98¼	+0⅛	+0⅝	10.92
GMAC O/S Fin. 15 87	100	109⅝	110⅛	+0⅝	+0⅝	11.81
Gulf Oil Fin. 12⅜ 87	100	105⅞	106	0	+0⅛	10.57
IBM Wld. Trade 12¼ 92	200	109⅛	109⅝	0	−0⅝	10.60
Lloyds Euro. 11½ 94	100	18⅛	18⅝	+0⅝	+0⅝	11.75
Manitoba Prov. 11⅜ 89	125	103¼	103¾	+0¼	+0⅝	10.96
Manitoba Prov. 13⅜ 89	100	109⅛	109⅝	+0¼	+0⅝	11.57
Midland Int. F. 11½ 92	150	99⅝	100⅛	0	+0⅛	11.48
Nat. West. Fin. 11⅜ 92	150	101⅛	101⅞	0	+0⅛	11.44
New Brunswick 15⅛ 87	75	113	113½	+0¼	+0⅛	11.23
Newfoundland 15½ 90	75	111⅛	111⅝	+0½	+0⅛	12.98
Nova Scotia Pr. 15¼ 89	75	112½	113	0	+0⅝	12.22
Ontario Hydro 11⅛ 89	200	103½	104	+0½	+1⅛	10.44
Ontario Hydro 12⅜ 92	200	106⅝	106⅞	+0¼	+1⅛	11.55
Ontario Hydro 15 92	150	115⅝	116⅛	+0⅝	+1⅛	12.06
Prudential O/S 12⅜ 87	150	107⅛	107⅝	+0¼	+0⅛	10.58
Quebec Hy. 11½ 92 (O)	100	99⅞	100⅛	+0⅛	+0⅝	11.46
R. J. Reynolds 12⅜ 89	100	105⅝	106⅛	0	+0⅛	11.37
Saskatchewan P. 15 92	150	114½	115	0	+1⅞	12.24
Shell Canada 14⅜ 92	125	110	110⅛	+0¼	+1⅛	12.42
Superior O/S Fin. 14 89	125	108⅝	109⅛	0	+0⅝	11.88
Swed. Exp. Cr. 14⅜ 90	100	107⅞	108⅛	0	+0⅛	12.94
Swiss Bk. Cpn. 10⅛ 90	125	100½	101	+0⅛	−0⅛	10.08
Texaco Capital 9¾ 90	150	95⅝	96⅛	0	+0⅝	10.61
UBS 10⅝ 87	200	104⅜	104⅞	+0⅝	+1⅛	9.46
UBS 11 88	150	103¼	103¾	+0⅝	+0¼	10.23
Walt Disney Pt. 12½ 89	75	104⅝	105⅛	−0⅛	+0⅛	11.34
World Bank 10⅛ 90	200	99⅜	99⅞	+0⅞	+1⅛	10.94
World Bank 11½ 98	100	98⅝	99⅛	+0¼	+2⅛	11.28
World Bank 13⅛ 87	300	107⅝	108⅛	+0⅝	+0⅝	10.60

Average price changes... On day +0¼ on week +0⅝

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 8¼ 92	80	100½	101	0	−0¼	8.13
Asian D. B. 8¾ 92	150	99⅝	100⅛	+0⅝	+0⅝	8.26
Australia 6⅞ 93	200	98⅛	98⅝	0	−0⅛	7.11
Australia 7¾ 92	200	103⅜	103⅞	+0⅝	+0½	7.23
Bayer Capital 7⅝ 89	150	102⅝	103⅛	+0⅛	+0⅝	7.06
Beecham Fin. 8⅛ 92	125	102½	103	0	+0⅛	7.70
Caisse N. Energie 8 93	100	99⅜	100¼	+0⅛	+0⅝	7.99
Caisse Nat. Tele. 7¼ 93	200	97⅝	98¼	+0⅛	+0⅝	8.05
ECSC 7½ 93	150	98⅛	98⅝	0	+0⅝	7.74
ECSC 8 94	200	100	100½	+0⅛	+0⅝	7.96
EEC 8 94	200	100⅝	100⅞	0	0	7.92
EIB 8⅛ 92	200	101⅛	101⅝	+0⅝	+0¼	8.03
GKN 8½ 89	100	98⅝	99⅛	0	+0⅛	8.55
Gould Int. Fin. 8¼ 89	75	101⅞	102⅛	−0¼	−0¼	7.85
H. J. Heinz Int. 6⅝ 88	50	98⅞	99⅝	0	−0⅛	6.96
Int.-Am. Dv. Bk. 8¼ 93	150	99⅞	100⅜	+0⅛	+0⅝	8.22
Ireland 8⅞ 91	150	99⅝	100½	−0⅞	0	8.84
ITT Antilles 7 93	200	97⅝	97⅝	0	0	7.36
McDonalds Fin. 7⅛ 92	100	99½	100	0	0	7.16
Mitsubishi Heavy 7⅝ 87	150	100⅝	100⅞	−0⅛	0	7.45
Norsk Hydro 9 92	100	104⅞	105⅜	0	+0⅛	8.17
OKB 8⅞ 89	100	103⅛	104⅛	+0½	+0⅛	8.05
Sweden Kingdom 8¼ 89	150	101⅞	102⅜	+0⅞	+0⅛	7.83
World Bank 7¼ 93	200	97⅛	97⅝	0	−0⅝	7.62
World Bank 8¼ 92	200	102	102⅜	+0⅛	+0⅝	7.90

Average price changes... On day +0⅞ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Exprs. 4¼ 93	100	89	89¼	0	0	4.86
Asian D. B. 5⅝ 95	100	89⅛	99	0	−0⅛	8.01
BFCE 6⅛ 92	100	101½	101⅞	0	+0⅛	6.02
Bowater Int. Fin. 8 92	100	103	103¼	0	−0¼	6.57
Chugoku E. Pow. 6½ 91	100	103	103¼	+0⅛	+0⅛	5.62
Europarer 6¾ 92	100	102½	102¾	+0⅞	+0⅛	6.37
Ex.-Im. Bk. Japan 5 93	100	99½	99¾	0	0	6.05
First Interstate 8 92	100	104	104¼	+0⅛	+0⅛	5.44
Gaz de France 6 93	100	102½	102¾	+0¼	+0¼	5.84
HCA Finance 5 93	100	98¼	98½	−0⅛	−0⅞	5.21
Japan Dev. Bank 5¼ 92	100	101	101½	−0⅝	−0⅛	5.10
KLM Dutch Air 6¾ 92	80	104	104¼	+0⅛	+0½	5.88
Kyushu Elec. Pwr. 6 92	100	101⅜	102	−0⅛	0	5.74
New Zealand 5¼ 92	100	102	102⅛	+0⅛	0	4.97
Nippon Express 6 93	60	102	102⅜	−0⅛	−0⅛	5.71
Nippon Kokan 5⅝ 93	100	97½	97¾	−0⅛	−0⅛	5.35
Nisshin Steel Co. 6⅛ 92	100	101½	101⅞	+0⅛	+0⅛	6.16
OKG 5¾ 93	00	101½	101¾	+0⅛	+0⅛	6.52
Philip Morris 5¼ 92	100	103	103¼	+0⅞	+0⅛	4.84
Quebec 5¾ 92	100	102⅜	103	−0⅛	0	5.36
Sweden Kingdom 5⅞ 92	100	100½	100⅝	0	−0⅝	5.78
Tokyo El. Power 5⅞ 92	100	102½	102⅜	+0⅛	+0⅝	5.51
Tokyo Metropolis 5⅛ 92	100	100	100⅝	−0⅞	−0⅛	5.35
Un. Bk. Norway 5⅛ 93	60	98⅛	99	0	0	5.52
Volvo 5⅛ 91	60	101	101¼	+0⅛	0	5.20
World Bank 5½ 93	100	100⅝	101	−0⅛	−0⅛	5.38

Average price changes... On day 0 on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅛ 92	15	106⅛	106⅝	+0⅛	0	7.73
EIB 8⅛ 92	15	102⅛	103⅛	0	−0⅛	7.83
Japan Airlines 7⅝ 87	9	†102	103	+0⅝	+1⅛	7.13
New Zealand 8⅛ 87	15	102⅛	103⅛	0	−0⅛	7.53
World Bank 8⅛ 92	20	102⅞	103⅛	0	+0⅛	7.84

Average price changes... On day +0⅛ on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Br. Col. Tel. 17⅛ 88 C$	50	†112⅛	113⅛	0	0	13.67
Can. Utilities 17 87 C$	35	†114⅛	115⅛	0	0	12.48
Gaz de France 15 89 C$	75	†106⅛	106⅝	0	−0⅛	13.54
Gaz Metro 14½ 92 C$	40	†104½	105½	0	+0⅛	13.52
OKB 16⅛ 88 C$	63	†115	116	0	+0⅛	12.08
Quebec Hyd. 14 92 C$	60	†107	107½	0	+0⅛	12.63
Swed. E. Cr. 12⅜ 88 C$	50	†98⅞	99⅝	0	0	12.49
Ireland 12⅜ 90 ECU	30	100⅛	101⅛	0	+0⅛	12.59
Thom. Bd. 12⅛ 87 ECU	40	100	101	0	+0⅛	12.33
Amfas 9½ 87 Fl	60	104⅛	104⅝	−0⅛	+0⅛	8.27
Amro Bank 9½ 87 Fl	100	105⅛	106⅛	+0⅛	+0⅛	7.94
Neder. Midbk. 9⅛ 87 Fl	100	104⅛	105⅛	0	0	7.94
Nedlloyd Gp. 10⅛ 87 Fl	75	103⅞	104⅛	−1	−1⅛	9.11
Van Lanschot 10⅛ 87 Fl	50	107⅛	108⅛	−0⅞	−0⅝	8.06
World Bank 10 87 Fl	100	107	107½	−0⅛	−0⅛	8.06
OKB 14 86 FFr	400	97⅛	98⅛	−0⅛	−0⅛	14.81
Solvay et C. 14⅛ 86 FFr	200	96⅛	97⅛	−0⅛	+0⅛	15.93
BFCE 14½ 87 £	30	106	107	+0⅛	+0⅛	12.41
CECA 13½ 88 £	20	102⅞	103⅞	0	−0⅛	12.58
CNT 12½ 89 £	20	98½	99½	+0⅛	+0⅛	12.69
EEC 11⅞ 91 £	50	96⅛	96⅞	0	+0⅛	12.59
Fin. For Ind. 12⅜ 88 £	30	99⅛	100⅛	−0⅛	−0⅛	12.24
F. Mar. Orani. 12⅜ 92 £	30	21⅛	22⅛	0	−0⅛	13.16
Gen. Elec. Co. 12½ 89 £	50	103⅛	104⅛	0	+0⅛	11.58
Hiram Walker 14⅜ 86 £	25	104⅛	105⅛	0	0	12.25
Mort. Bk. Fin. 11⅜ 89 £	15	22⅛	23⅛	0	0	13.48
Norsk Hydro. 12 90 £	30	26⅛	27⅛	0	+0⅛	12.96
Norsk Hydro. 14½ 87 £	30	106	107	0	+0⅛	12.42
Quebec 14½ 89 £	30	104⅛	105⅛	0	−0⅛	13.25
SDR France 15½ 92 £	30	104⅛	105⅛	0	−0⅛	14.53
SNCF 11½ 89 £	30	92⅛	93⅛	0	−0⅛	13.07
Tenneco Int. 14¾ 87 £	30	106	107	0	0	12.68
World Bank 11½ 91 £	75	25	25⅛	+0⅛	−0⅛	12.38
Eurofima 10½ 87 LuxFr	500	97⅛	96⅞	0	0	10.93
Europarat 12½ 92 LuxFr	500	104	105	0	0	11.66

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bk. of Tokyo 5¼ 91 (O)	0⅛	100	100⅛	10/8	9⅛	9.73
SFCE 5¼ 88	0⅛	98⅛	99⅛	20/7	9⅛	9.34
SFCE 5¼ 87	0⅛	99⅛	100	27/7	9.94	9.96
Caisse Nat. Tele. 5¼ 90	0⅛	99⅛	99⅛	21/4	10.56	10.62
CEPME 5¼ 92	0⅛	99⅛	99⅞	10/6	9.34	9.97
Chemical NY 5¼ 94	§0⅛	100⅛	101	23/3	9.94	9.86
Credit Agricole 5⅛ 97	0⅛	99⅛	99⅛	24/3	12⅞	12.96
Credit du Nord 5¼ 92	0⅛	98⅛	99⅛	23/6	10⅛	10.16
Credit Lyonnais 5⅛ 97	0⅛	99⅛	99⅛	1/4	12.19	12.23
Credit Lyonnais 5¼ 94	0⅛	99⅛	99⅛	5/7	9⅛	9.80
Credit Nat. 5¼ 94	§0⅛	98⅛	99⅛	9/3	12.18	12.31
EDF 5¼ 95 XW	0⅛	99	99½	10/8	10	10.08
Kansallis Osake 5½ 92	0⅛	99⅛	100⅛	6/5	10.06	10.06
Lloyds Eurofin 5¼ 93	§0⅛	99⅛	100⅛	29/4	10.66	10.65
Long Term Cred. 5¼ 92	0⅛	100⅛	100⅛	27/5	10⅛	10.09
J. P. Morgan 5¼ 87	§0⅛	100⅛	100⅛	12/5	9⅛	9.45
Nat. West. Fin. 5¼ 91	§0⅛	100⅛	100⅛	15/7	9⅛	9.29
New Zealand 5¼ 87	0⅛	100⅛	100⅞	7/4	12⅛	12.42
NZ Steel Dev. 5¼ 92	0⅛	100	100½	22/6	10.19	10.15
Nippon Credit 5¼ 90	0⅛	100⅛	100⅛	10/8	9⅛	9.83
Offshore Mining 5¼ 91	0⅛	100⅛	100⅛	2/6	10.44	10.40
Scotland Int. 5⅛ 92	0⅛	99⅛	100⅛	23/3	13⅛	13.25
Sec. Pacific 5¼ 91	0⅛	100⅛	100⅛	24/5	10.06	10.01
Societe Generale 5¼ 95	0⅛	99⅛	99⅛	1/3	12.81	12.89
Standard Chartd. 5¼ 91	0⅛	100⅛	100⅛	18/5	10.69	10.63
Sweden 5¼ 93	0⅛	99⅛	99⅛	3/8	10.19	10.25
Sweden 5¼ 89	0⅛	99⅛	99⅛	25/2	11.81	11.87

Average price changes... On day +0⅛ on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	7/81	933	94⅛	95⅛	+2⅛	8.17
Bridgestone Tire 5½ 96	3/82	470	98⅛	100⅛	+1⅛	3.05
Canon 7 97	7/82	748.2	166⅛	168⅛	+3⅛	7.43
Fujitsu Fanuc 4½ 96	10/81	5614	99	101	+1⅛	19.89
Hitachi Cable 5⅛ 96	2/82	515	91⅛	93	+0⅛	8.43
Hitachi Cred. Cpn. 5 96	7/81	1612	87⅛	89⅛	+2⅛	26.51
Honda Motor 5½ 97	3/82	835.8	114	115⅛	+1⅛	20.78
Kawasaki 5⅛ 96	9/81	229	71	72⅛	+0⅛	25.99
Kumagai Gumi 8½ 97	10/82	400	111⅛	112⅛	+1⅛	5.46
Kyowa Hakko 6⅛ 97	2/83	762	101⅛	102⅛	+0⅛	11.28
Marui 6 96	7/81	846.4	118⅛	120⅛	+3⅛	19.49
Minolta Camera 5 96	10/81	826.4	70⅛	72⅛	+1⅛	42.90
Minorco 9⅛ 97	5/82	8.15	†143⅛	145½	−0⅛	−0.33
Murata 5⅛ 96	7/81	1971	93½	95	+4⅛	20.84
NKK 6½ 96	7/81	188	79⅛	80⅛	+0⅛	21.83
Nippon Electric 5⅛ 97	2/82	804.2	120⅛	121⅛	+3⅛	9.62
Olympus Optic. 5⅛ 97	12/82	1331	98⅛	101⅛	+0⅛	20.47
Orient Finance 5⅛ 97	3/82	1205	99⅛	100⅛	+2⅛	3.24
Sanyo Electric 5 96	10/81	652	82⅛	84	+0⅛	24.77
Sumitomo Elec. 5½ 97	3/82	577.3	96⅛	98⅛	+2⅛	14.22
Sumitomo Met. 5⅛ 96	10/81	296.1	66⅛	68	+1⅛	39.76
Olym. O. 4½ 92 SwFr	12/82	1331	105⅛	106⅛	+0⅛	38.16
Konishiroku 6⅛ 88 DM	6/82	616	109⅛	110⅛	+0⅛	15.61
Mitsubishi H 5 89 DM	2/82	263	103⅛	104⅛	+0⅛	23.40
Sum Realty 6⅛ 92 DM	2/83	395	107⅛	108⅛	+0⅛	−0.40

EUROBOND TURNOVER

(nominal value in $m)

	Cedel	Euro-clear
U.S. $ bonds		
Last week	4,616.8	8,827.0
Previous week	6,770.1	12,519.5
Other bonds		
Last week	1,645.7	744.6
Previous week	1,563.8	935.0

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week= Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day= Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bank of Tokyo International; Chase Manhattan; Citicorp International Bank; Credit Commercial de France (Securities) London; Daiwa Europe NV; Deltec Securities (UK); EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nomura International; Orion Royal Bank; Robert Fleming and Co.; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on February 25

UK COMPANY NEWS

Hambros Bank financing move to absorb provisions

THE £38.8m placing of shares in Hambro Life Assurance by **Hambros** Bank was carried out to increase the resources of the bank, shareholders are told in an explanatory circular.

On February 1 Hambros announced that it had placed through the market with institutions 13.8m ordinary shares of Hambro Life, representing slightly less than one-third of its holding.

Hambros explains that the placing was made for two reasons: first, to make it possible to increase the resources of the bank; and secondly, to provide an increase in the reserves of the group that will absorb both the remaining impact of the bank's shipping loan losses and a provision against the group's investment in Hambro Gas and Oil, Inc. U.S.

"As regards Hambros Gas and Oil," the circular states, the market for natural gas sales in the U.S. remains weak and it is now evident that recent drilling results have been disappointing.

Hambros' total investment was increased to $44m in January 1983, by subscription of $13m new preferred shares which enabled the committed programme of drilling in the Anadarko basin to be completed. The board anticipates making a material reduction to the value at which this investment is held in our accounts at the year-end."

Shareholders are told that since the last annual report, which referred to losses on Norwegian tanker loans suffered by the bank, "there has been a further deterioration in ship values, as a result of which additional provisions will be made in the current year.

"These further provisions will reduce the remaining loans to levels below which there could be no likelihood of further loss having to be recognised in the future. The effects of these losses over a period of years has made it difficult for the bank to retain a level of capital and reserves adequate to sustain an expansion of its business and keep pace with the effects of inflation."

The announcement of final results and dividends for the year ending March 1983 will be made towards the end of June, "but the board wishes to take this opportunity of informing shareholders that it intends to recommend that final dividends on all classes of Hambros shares will be paid at rates per share not less than those of last year."

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Raine Industries, Throgmorton Secured Growth Trust

Finals—Blagden Industries, Vickers, Weber.

FUTURE DATES

Interim—	
Wintrust	Mar 1
Finals—	
Ault and Wiborg	Mar 4
Clarke (T.)	Mar 11
Danish Bacon	Apr 20
File Indmar	Mar 10
Guernsey Atlantic Secs Tst	Mar 3
Ibstock Johnsen	Mar 31
Rights and Issues Inv Trust	Mar 2
Woreldhave	Mar 9
Westwood Dawes	Mar 3

TSB launches unit-linked life assurance policies

THE TSB Trust Company, the insurance and unit trust arm of the TSB Group, is fully entering the unit-linked life assurance market by launching a new range of savings and protection contracts linked to a comprehensive range of funds.

TSB Life, a subsidiary of the trust company, is launching the TSB Flexible Savings Plan—which replaces the Harvest Savings Plan—the TSB High Investment Plan and the TSB Investment Bond — which replaces the present Harvest Bond. The high investment plan has a minimum monthly premium of £40.

The plans are invested in units of one, or more, of five new internal investment funds: TSB Equity, TSB Property, TSB Fixed Interest, TSB Money and TSB Managed.

Mr Brian Brown, general manager of TSB Trust Company stated that the company considered the time was right to launch a new generation of life products with a broader range of investment options, widening the product base and meeting the sharpening competitive challenge from other linked life companies.

RESULTS AND ACCOUNTS IN BRIEF

PLASTIC CONSTRUCTIONS—Results for year to September 30 1982 and prospects reported February 15 1983. Group shareholders' funds £3.2m (£3.07m). Fixed assets £1.03m (£1.07m). Net current assets £2.52m (£2.45m). Working capital increased £35,399 (£26,474 decrease). Meeting, Birmingham, March 11, noon.

CRESCENT JAPAN INVESTMENT TRUST — Results for 1982 reported February 9 1983. Investments £26.98m (£23.58m). Net current assets £1.41m (£17,503) including cash £1.48m (£71,606). Liquidity increased £1.38m (£73,000 decrease). Meeting, Edinburgh, March 22, 12.30 pm.

MEGGITT HOLDINGS (machine tool distributor)—Results for year to October 31, 1982 already known. Shareholders' funds £1.53m (£2.01m). Net current assets £589,000 (£891,000). Property, plant and equipment £1.07m (£1.21m). Net tangible assets £1.51m (£1.99m). Meeting, Bournemouth March 22, 3 pm.

HUNTERPRINT GROUP (colour printer)—Results for year to October 3, 1982, and outlook reported February 14. Shareholders' funds £4.01m (£3.28m); fixed assets £4.15m (£3.01m) net current assets £455,000 (£1.07m) increase in working capital £442,000 (£1.11m); decrease in net liquid funds £182,000 (£1.84m). Meeting: Ironmongers' Hall, EC, March 23, 2.30 pm.

LOOKERS (motor vehicle distributor)—Results for year to September 30 1982, and prospects already known. Shareholders' interest £10.0m (£8.63m). Fixed assets £15.31m (£10.11m). Net current liabilities £0.69m (£1.11m assets). Net liquid funds decreased £3.61m (£1.2m increase). A property revaluation of group shows a £2.75m surplus over book values at end-September. Meeting, Manchester, March 16, noon.

Imps may face £24m claim from Hillsdown

Imperial Group, the tobacco, foods and brewing concern, may face a £24m claim from Hillsdown Holdings, the privately-owned company which bought Imperial's UK eggs and poultry interests last April.

Any claim would be strongly resisted, Imperial announced in its 1982 accounts. No writ or statement of claim has yet been issued and the company has been advised that any liability is unlikely to be material, it added.

Hillsdown, a group with wide-ranging interests including trading, financing, property and travel, paid £48.5m for Imperial's egg and poultry interests including Buxted Poultry, Daylay Eggs and Nitrovit animal feeds.

1.2m shares sold by Amstrad chief

Mr Alan Sugar, chairman of Amstrad Consumer Electronics, has sold 1.2m shares at 382p each for a total of £4.58m.

Mr Sugar, who brought his company to the Stock Market nearly three years ago, still holds 10.99m shares—58.92 per cent of the equity—worth £46.15m at the market price of 420p, ex dividend.

Market started in Intervision Video shares

Hill Woolgar has started a market in the deferred ordinary 10p shares of Intervision Video (Holdings). The current price is 50-54p. At that price range the company is capitalised at about £9m.

Mr John Woolgar of Hill Woolgar, which has two directors in common with Intervision, said: "There was a demand from both existing and potential shareholders for this facility."

The arrangement is a preliminary to Intervision's attainment of a quote on the Unlisted Securities Market. Mr Woolgar said: "We will make a market in the shares until 48 hours before an advertisement appears announcing the company's intention to join the USM."

Intervision is to hold an EGM on March 21. The advertisement is due to appear on March 26, and it is hoped that dealings will begin on March 28.

Elbief holds interim profit and payment

In the half year ended October 31 1982 Elbief has maintained its profit before tax at £137,000, compared to £136,000, despite a marginal decline in turnover from £1.31m to £1.24m.

The interim dividend is unchanged at 0.385p net per share.

The group makes handbag frames, leathergoods, accessories and picture frames. In the home market sales are showing an upward trend despite the continuing recession. Improvements in home and export markets are expected from the successful extension of the Elite range of photo frames and giftware.

For the year ended April 30 1982 the group made a profit of £353,000 and paid a dividend of 1.385p.

FT Share Information

The following securities have been added to the Share Information Service:

Baltic Leasing (Section: Hire Purchase, Leasing)

European Investment Bank 11pc Loan Stock 2002 (Int. Bank and O'seas Govt. Sterling Issues)

Memory Computer (Electricals)

Talcorp (Canadians)

Bonuses lifted by Refuge Assurance

The Refuge Assurance Company has again improved its bonus rates on all with-profit contracts in the Ordinary branch following the 1982 valuation.

On assurance contracts, the reversionary bonus rate is improved by 20p to £5.50 per cent of the sum assured. The main terminal bonus rate is maintained at £3.50 per cent of the sum assured for each year in force, but the previous first two years exclusion is dropped. The company is also paying a special terminal bonus of £2 per cent of the sum assured for each year in force up to a maximum of £20 per cent.

On deferred annuity contracts, the reversionary bonus rate is increased by 50p to £7 per cent of the basic annuity. The terminal bonus rate is kept at £4.50 per cent of the basic annuity for each year in force with no exclusions. There will also be a special terminal bonus payment of £2 per cent of the basic annuity for each year up to a maximum of £20 per cent.

Earnings rise seen by UC Investments

South Africa's UC Investments, gold and platinum share holding company in the Gencor group expects higher earnings this year.

Mr H. A. Smith, the chairman points out in the annual report that although the benefits of rising metal prices will be tempered by a strengthening rand against the U.S. dollar, there should be room for increased dividends on the company's investments.

Shareholdings in the gold-producing Kinross and Winkelhaak mines account for nearly half the market value of the investment portfolio. The stake in platinum comes via a holding of 6.34m shares of Impala Platinum, equal to 12.64 per cent of the portfolio's market value.

Total net assets at end-1982 amounted to R532.8m (£323m), equal to 2,732 cents (£16.58) per share.

Godwin Electrical

Harvard Securities has announced that the offer for sale of 1,821,429 shares in Godwin Electrical has been heavily over-subscribed. The offer closed at 3 pm yesterday. Dealings are expected to begin at 10.30 am on Wednesday March 2.

NO PROBE

The merger involving American Express International Banking Corporation and certain subsidiaries of Trade Development Banking Holdings SA is not to be referred to the Monopolies and Mergers Commission.

LADBROKE INDEX
based on FT index
637-642 (nnch)
Tel: 01-493 5961

PENDING DIVIDENDS

	Date	Announcement last year		Date	Announcement last year
AAH	Mar 8	Interim 2.1	HME	Feb 24	Interim 2.5
*Anglia Amer. Gold	Mar 10	Final 500c	*Hongkong and Shanghai Bk.	Mar 8	Final HK$0.44
Armstrong Equipment	Mar 24	Interim 0.35	Horizon Travel	Mar 29	Final 4.85
*Ault and Wiborg	Mar 4	Final 0.75	IMI	Mar 16	Final 2.5
Aurora	Apr 7	Final nil	Kleinwort Benson	Mar 30	Final 7.0
Automotive Prods.	Apr 8	Final 2.0	Ladbroke	Apr 1	Final 3.827
*BICC	Mar 23	Final 7.04	Laird	Apr 5	Final 2.0
*BP	Mar 17	Final 14.0	Lead Inds	Apr 7	Final 5.96
BSR	Mar 24	Final 0.5	Legal and General	Mar 31	Final 9.0
BTR	Mar 8	Final 4.5	Lex Service	Mar 17	Final 4.2
Babcock Intl	Mar 31	Final 3.5	*LASMO	Mar 10	Final 8.0
*Barclays Bk	Mar 7	Final 11.5	Lucas Inds.	Mar 25	Interim 2.6
*Barratt Devs	Mar 14	Interim 3.5	*Midland Bank	Mar 10	Final 18.0
Beecham	Mar 18	Interim 1.25	Mills and Allen Intl.	Mar 19	Interim 6.0
Best (A.)	Mar 24	Interim 1.7	*NatWest	Mar 15	Final 15.575
*Bibby (J.)	Mar 10	Final 6.1	Ocean Transport	Mar 25	Final 4.7
*Blagden Inds	Feb 28	See int. 2.0	Peachey Prop.	Mar 23	Interim 2.25
Booker McConnell	Mar 30	Final 2.125	Phoenix Assce.	Apr 7	Final 9.5
Bowater	Apr 6	Final 7.25	*Prudential	Mar 23	Final 8.0
Bowthorpe	Mar 21	Final 1.894	*Ransomes Sims and Jefferies	Mar P	Final 8.0
*Brent Chems.	Mar 22	Final 1.7	Reckitt and Colman	Mar 30	Final 6.0
British Aerospace	Mar 30	Final 4.8	Reed (Austin)	Apr 7	Final 2.46
British Printing	Apr 5	Final nil	*Rentokil	Mar 17	Final 1.8
British Vita	Mar 8	Final 1.7	Rockware	Mar 24	Final 3.0
Brooke Bond	Mar 16	Interim 1.25	*Royal Insce.	Mar 1	Final 15.5
Bryant	Apr 5	Interim 1.0	Rugby Portland Cement	Apr 5	Final 2.65
Bunzl	Mar 31	Final 5.0	Scottish Metropolitan	Apr 8	Interim 1.5
*Cadbury Schweppes	Mar 10	Final 3.3	Sedgwick	Mar 13	Final 3.75
Cape Inds	Mar 30	Final 1.7	Senior Eng.	Apr 6	Final 0.75
Carlton Inds.	Mar 15	Final 5.0	*Shell Transport	Mar 10	Final 11.8
Charterhouse Group	Mar 29	Final 3.0	*Sime Darby	Mar 5	Interim 4 sen.
Charterhouse Pet.	Mar 18	Final 0.5	Slough Ests.	Mar 24	Final 2.075
Coates Bros.	Apr 8	Final 2.42	Smith and Nephew	Mar 23	Final 2.7
Collins (Wm)	Mar 17	Final 4.5	Stndrd. Chrtrd. Bank	Mar 30	Final 23.2
*Cons. Gold Fields	Mar 9	Interim 8.5	*Steetley	Mar 17	Final 3.5
*Consolidated Plantations	Mar 5	Interim 7 sen.	Sun Alliance	Apr 7	Final 23.5
Croda Intl.	Mar 31	Final 2.25	*TI	Mar 17	Final 5.0
DRG	Mar 24	Final 3.0	Tilling (T.)	Mar 17	Final 4.5
De Beers Consd.	Mar 9	Final 25c	*Transport Dev.	Mar 14	Final 2.3
*Delta	Mar 28	Final 1.82	Triefus	Mar 25	Final 5.8
Eagle Star	Mar 24	Final 11.429	Turner and Newall	Mar 17	Final nil
Exco Intl	Mar 18	Final 2.5	*Ultramar	Mar 10	Final 8.0
Expamet Intl.	Apr 7	Final 2.5	*Unilever	Mar 1	Final 16.91
*Fisons	Mar 1	Final 8.0	*United Biscuits	Mar 17	Final 3.0
*Freemans	Mar 29	Final 2.25	*Vickers	Feb 28	Final 7.45
*General Accident	Mar 2	Final 6.75	Weir	Mar 31	Final 1.75
*General Mining	Mar 10	Final 120c	Willis Faber	Mar 24	Final 10.7
Gill & Duffus	Apr 7	Final 4.8	Wolseley-Hughes	Mar 16	Interim 4.84
Glaxo	Apr 5	Interim 4.5			
Glynwed Intl.	Mar 23	Final 4.9			
GRE	Mar 31	Final 10.75			
GKN	Mar 18	Final 4.0			
Habitat Mothercare	Mar 29	Interim 1.2			
Hall Eng'g	Mar 18	Final 4.2			
Hepworth Ceramic	Mar 24	Final 3.0			

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price	+ or –	Net Div.	Times Covered	Gross Yield	P/E
112	F.P.	16/3	146	129	Assoc. British Ports	143	–1	b7.0	1.5	7.0	11.
§100	F.P.	22/4	105	100	Br. Kidney Pat. As.	105		—	—	—	
174	F.P.	21/1	158	103	✠Canvarmoot	132		b3.64	2.0	3.9	15.
138	F.P.	8/4	112	90	✠HB Elect Comps 10p	90	–15	u1.12	3.3	1.8	26.
§190	F.P.	4/3	386	305	✠Microgen	390	–10	b4.0	2.9	1.8	26.4
§165	F.P.	7/1	255	200	✠Munford & White	225	–5	b5.6	2.4	1.7	35.5
§95	F.P.	4/2	198	145	✠Resource Tech. 10p	158	–4	—	—	—	30.4
‖	F.P.	—	110	97	✠Sinclair (Wm.)	97		¶4.95	3.0	7.0	11.1
‖	F.P.	—	105	77	Do. Defd.	80	+3	—	—	—	—
175	F.P.	—	303	267	Superdrug Stores 10p	268	+3	bd5.5	2.4	1.9	31.6
120	F.P.	—	125	100	✠Swindon Priv Hos £1	104					
§10	F.P.	—	29	25½	✠Tele. Services Int 10p	23	–3	b0.P	5.5	1.2	35.0
§10½	F.P.	—	78	16	✠Tops Estates 10p	55	–3				
§72	F.P.	—	107	89	✠Utd. Packaging 10p	93	–10	b2.3	3.P	3.8	P.9
§150	F.P.	18/2	340	265	✠WightCollinsR S10p	300	–5	bd2.75	3.3	1.8	
—	F.P.	3/3	25	21	Yorks & Lancs. W'rrnts	22		—	—	—	

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price £	+ or –
¶¶	F.P.	—	96	88	Anglo-Nordic 10% Cnv. Uns. Ln. 1999	93	–2
97.504	£25	4/3	29½	15¼	BOC 12¼% Uns. Ln. 2012-17	19¾	
99.431	£20	10/4	21⅞	12	Birmingham 11½% Red. 2012	14	
¶	F.P.	24/5	101¼	101	East Surrey Water 7% Red. Pref. 1988	101	
**	F.P.	—	194p	188p	Electro Protective 7½% Cnv. Prf.	188p	–17
¶	F.P.	29/7	100½	100	Mid Sussex Water 7% Red. Pref. '93	100½	
—	—	—	100¼	99	Nationwide Bdg. Soc. 11⅞% Bds. 25/1/84	100¼	
—	—	—	100½	100	Do. 11¾% Bds. 15/2/84	100½	
§97.174	£25	6/5	25¾	22	Pearson (S) 15% Uns. Ln. 2007	25½	+¼
96.65	£25	8/7	28	23½	Sweden 13⅝% Ln. Stk. 2010	27¼	+¼
¶¶	F.P.	18/2	92	86	Transcont. 9% Cnv. Ret. Uns. Ln. Nts. 1995	92	

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982/3 High	1982/3 Low	Stock	Closing price	+ or –
250	F.P.	25/P	28/4	312	273	AGB Research 10p	312	+5
3½	Nil	4/3	28/3	18pm	9pm	Audiotronic 3½p	Ppm	
50	F.P.	2/2	9/3	56	45	Clyde Oil 'B'	48	+1
75	Nil	7/3	15/6	25pm	12½pm	Dominion Int. 20p	25pm	+3
153	Nil	—	—	P0pm	10pm	Doers Gross 10p	12pm	–1
90	F.P.	P1/2	7/4	147	130	Grosvenor Group	147	+1
60	F.P.	14/1	11/P	79	65	ICL	74	
46	F.P.	14/8	11/5	60	51	LCP	59	
27	F.P.	31/7	7/4	36½	32	Mount Charlotte 10p	33½	
A$1.50	Nil	—	—	50pm	44pm	North B. Hill 50c	50pm	
90	F.P.	7/2	21/5	122	106	NSS News 10p	120	
60cts	Nil	11/5	—	P½pm	½pm	Rand Lon. Corp. 15cts	½pm	
58	F.P.	3/2	29/4	71	61	Stakis 10p	71	
400	Nil	4/5	22/4	90pm	35pm	Ultramar	37pm	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1983. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. ☐ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ✱ Effective issue price after scrip. † Formerly dealt in under special rule.

ΓECHNOLOGY

EDITED BY ALAN CANE

ONDON INVENTORS OFFER SOMETHING FOR NOTHING

Inventions to a client's specific brief

Y DAVID FISHLOCK, SCIENCE EDITOR

A SPACIOUS white office in mews off Oxford Street in ndon, a small team of entre- cneurs is offering to invent w products for companies 'or nothing." Baird and Tat- -, the laboratory suppliers. ieved them—and now has a w instrument it hopes to sell the oil industry worldwide.

Other inventions from Frank d Ockrent—the tiny company s a score of patent applica- ons to its name—are already ding their way into the home, one case as a result of direct- sponse selling on commercial V. For BTR Industries it has vented a way of making tellite broadcasting receiver shes up to 6 ft in diameter at avoids spinning the dish.

kills

Frank and Ockrent is a five- ar-old partnership between ter Frank, who read maths d "flipped to invention" and ike Ockrent (physics followed theatre production), which t out to invent to a specifica- on for industrial companies. They try to invent something at fits in with existing skills, vestment and financial sources. They have Mr J. ichael Edwards QC, provost of e City of London Polytechnic, their board for commercial vice.

What they try not to do is ent in a vacuum. "We have to rome across a good idea n a nrivate Inventor," says nk. He also believea British uustry puts too much inven- e energy behind efforts to spose profitably of by-products "gunk," Frank calls it.

Iarketing

Frank and Ockrent invents rictly to a brief from the ient. "It's a marketing job e're doing," says Gary rshen, the marketing direc- r, who has the job of per- ading clients to part with a e of up to £25,000, half on gning the contract and the lance when Frank and his lleagues have a bright idea cy have tested.

But the contract says that, though the invention and sociated know-bow remains ic property of Frank and ckrent, the client gets exclu- ve access and moreover the ventors waive royalties until e client has recovered his iginal fee.

Baird and Tatlock sought new ideas from extending their range of laboratory instru- ments. "We spent a lot of time going round laboratories ask- ing silly questinns—it was won- derful." Frank says. They asked such questions as "what takes a long time?" "What's a pain in the neck?" for scientists. Their trawl of a couple of dozen British laboratories spawned many ideas, some still being developed.

But the one Baird and Tat- lock bought is for a basic test of any oil industry laboratory called the pour point test—the temperature at which a given oil ceases to flow. As done to- day, it is tedious and imprecise —but written into the inter- national standard.

Peter Frank is proud of the fact that he spotted the oppor- tunity himself. The inventors worked closely with the Insti- tute of Petroleum to get bis in- vention — much more precise and not operator-dependent— accepted. Gary Cursben esti- mates that there are 12,000 oil labs worldwide and some will need several dozen of these in- struments.

Opportunities

Baird and Tatlock bas reached the stage nf making pre-productinn prototypes for test in laboratorles, while the Insritute of Petroleum rewrites the specification, says Frank. But he foresees still bigger op- portunities from an automated version under microprocessor control. "That's where the real money will come"

"The most important thing is not that we can make things and make tbem work, but that we know *why* they work," Frank believes. Gary Curshen's clients are small-to-medium size manu- facturing companies who are willing to let the inventors stay with their innovation all the way into production — "and afterwards."

For Helix, which supplies the stationery market with moulded plastic goods such as rulers, protractors and pencil boxes, they invented an alternative to the family photo album. This is tbe Picture Box, a card index file designed to classify and store 450 post-card-size photo- graphs and to display four of them simultaneously. It has taken only 12 months to put this invention into the sbops, this Spring.

But not every invention is welcomed by the client. The Alarm Box was rejected — "reluctantly" — by the hard- ware manufacture which sought belp, because it was going to cost more than he could afford to invest.

The Alarm Box is simply a strong plastic case for storing small valuables — jewellery, passport, money, etc. — that emits a nasty noise on-one could ignore if disturbed by someone who does not know the secret. It is made of a polymer also used for truck bumpers. It also rontains sensitive electronics acrounting for half the cost of manufacture. They are battery- powered and triggered by the sligbtest disturbance (a truck bumping through the mews set one off while I was talking to the Inventors).

Frank and Ockrent's response to rejections — "because we had got such a good feedback from market research" — was to take advantage of changes in UK tax laws, set up a sub- sidiary called Quirefive, and make it themselves, sub-con- tracting all manufacture.

So far, they have Invested about £135,000, mainly with the help of the Midland Bank (which bougbt several for petty casb). Much of it has been spent on direct-response TV selling, in a campaign late last year. You can buy it from Harrods or H. Samuel's shops.

Now, they are agonising over another rejection, this time from an engineering company which sold off the client company, after the innovation had reached prototype stage. It is a valve small and cheap enough to give time and temperature control to each Individual radiator in a ceotral heating system. Frank reckons a home could be fitted with his valves for only £150- £200—"a day's work for a plumber."

Rather than hawk what he firmly believes is a money-spin- ning invention in search of a new client—a practice be sbuns as having no place in the ror- porate policy of inventing to match *a client's resources*—he plans to launch anotber subsi- diary.

He foreaees spending up to £200,000 on miniaturising, "kiddy-proofing" and life-test- ing his valve. He puts the total investment required to bring this one to the consumer at £600,000-£700,000.

Trevor Humphries

Peter Frank (left), Gary Curshen and Michael Edwards, QC, Provost of the City of London Polytechnic with the pour point test for oil industry laboratories

Bicycles

Chinese symposium

THE BIRMINGHAM com- panies of W. Canning Materials and Canning En- gineering (Holdings) have been invited by the Chinese bicycle Industry to conduct a joint symposium in Guangzhon (Canton) on non- paint finishes on March 7 and 8.

A total of 180 delegates representing Chinese com- panies will attend the sym- posium, which is supported hy a small exhibition. The finisbes which will be dis- cussed incinde high rorrosion- resistant nickel cbrome, zinc plating, black finishes and plating on to aluminium.

The two Canning rompanies are leading suppliers of bicycle finisbes and associated plant to countries in Europe, the Middle East and Far East. More from : Mr P. J. Norris at W. Canning Materials, Great Hampton Street, Bir- mingham (Tel: 021-236 8621).

EDUCATION TO INDUSTRY

Econet system ready for market

BY ELAINE WILLIAMS

ACORN COMPUTERS deve- loped its Econet system for use in schools as a low cost means for microcomputers to communicale with eacb other.

Now, there are bopes that the cheapness of Econet will also attract industrial applications; the first installations are heing considered.

By April the company *aims* to have the final pieces of equip- ment which comprise the Econet system on the market though the company announced *its* development two years ago and some systems have been sold to schools.

Econet, like all local area networks (LANs) is rather like the ring mains in a home which allows different types of elec- trical equipment to be con- nected to it. Lans allow computer equipment to be linked in a similar way.

This means that several microcomputers can share neces- sary but expensive resources such as printers and disks for information storage and re- trieval.

Many of the applications wbich could be taken up by industry have been explored by the Felsted School in Essex, a public school founded in 1564 which has a very keen comput- ing department.

Even before Acorn announced its Econet syslem, Mr Chris Dawkins, bead of computing at the school, had laid a four wire cable around the school build- ings. He suggested to Acorn that Felsted should be the gulnea plgs and help tbe com- pany sort out the Inevitable bugs in the system. Since then the school has been involved with many new products before they bit the market place.

Literacy

Mr Dawkins says that the school has 25 BBC microcom- puters which are used for a variety of purposes. In tbe computer laboratory 14 machines are used to teach pupils computer literacy while other machines scattered around the building are used for teaching subjects such as mathematics and economics.

But the network is also used for preparing tapes used in computer typesetting. The school uses this to print a variety of school documents, school lists, sticky address labels. The Technical Studies Department has prepared a stock control system to keep track of the amount of wood and materials used throughout the year.

Last year the school used one terminal to monitor data from a number of solar heating ex- periments running on the roof and Mr Dawkins has plans to improve facilities for distri- buted computing around the school, introduce electronic mail, remote notice boards, and access to outside information sources such as teletext from any computer in the school. These are obviously applications which can be transferred to the commercial world.

Collection

Acorn is keen to push Econet's potential in industry and business because of its low cost compared with other Lans such as Ethernet, from which Acorn's system is derived. Some applications for Econet include shopfloor data collection or management information sys- tems. Econet allows the use of electronic mail so that mes- sages can be transmitted be- tween terminals.

A single cahle is the Econet link and all computer terminals have equal access to the net- work. Up to 250 microcom- puters can be connected on a 500m cable. A special clock ensures that tbe network is synchronised and two terminal boxes are needed to mark the ends of the network.

If a number of microcom- puters have to share resources such as a data base or printer then one of the microcomputers bas to be dedicated as a file or printer server to control bow the resources are shared be- tween the other terminals in the syslem.

Computers

International Camp

THOSE WHO feel the need to find oot something about microcomputers — and the numhers are growing daily — might he interested in an "International Computer Camp" to be held at the University of Southampton over Easter and during July and August.

According to the university, over 0.5m Britons bought themselves a home compnter in 1982 which, in percentage terms is twice the numher hought hy Americans. At least 20 of the models can he bought for a week's salary or less.

So buying one is not too mucb of a prohlem with guidance on choice from the many magazines on the snb- ject. Making some kind of worthwhile use of the thing bowever, is another matter altogetber.

Tbe "computer camp" idea was such a sneccss last year that it is being repeated in 1983 in an international form, and is being promoted in Enrope and the Americas. Tbe cost will be £140 a week, to include tuition, use of the latest machines and accom- modation. Family and friends who want to come along but don't want to cnmpute can pay only for the accommoda- tion at £35 for the week.

More from Dr Lionel Wardle at Compnter Holi- days, 37 University Road, Sonthampton SO2 1TL (0703 558621).

Closing prices February 25

NEW YORK STOCK EXCHANGE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
10⅜	5¼	AAR	.44	4.8	22	54	9⅝	9⅛	9⅛	-⅛
38	27½	ACF	2.76	8.5	9	218	33	32½	32½	
20	12¾	AMF	1.36	7.6	33	546	17½	17⅛	17⅛	-⅛
25¼	11⅛	AMR Cp				2672	22	21¼	21½	-⅛
12⅞	4	AMR	wt			540	10¼	9½	9⅝	-¼
16	12¼	AMR	pf2.18	12		32	17⅜	17½	17⅜	-⅛
28½	24⅝	AMR	pf2.13	6.2		644	26½	26	26	-½
6⅝	2½	APL			38	76	5¼	5⅛	5¼	+⅛
39	23½	ARA	2	5.0	12	282	u40⅝	38¾	40	+1¼
70⅞	24½	ASA	3a	4.5		1130	66⅞	65¼	66	-3⅜
27⅞	13⅞	AVX	.32	1.2	35	1011	27	26½	26¾	+¼
41⅝	27	AbtLab	.84	2.1	17	951	40⅞	40⅛	40¼	-⅛
20¼	15⅝	AcmeC	1.40	7.4	21	48	19¼	18¾	19	+⅛
12⅛	5¼	AcmeE	.32b	2.8	30	76	11¼	11	11⅛	+½
10⅞	4⅛	AdmDg	.04	.4	11	50	9⅞	9¾	9⅞	+⅛
17⅞	12½	AdaEx	1.73e	11		53	15¾	15⅛	15⅛	-½
8¼	4⅝	AdmMl	.20e	2.4	11	7	8⅛	8⅛	8¼	
20⅞	12⅝	Advest	s .18	.8	14	582	u22¼	21	21⅞	+½
38⅞	11¼	AMD	.4		88	1922	u38¼	37¼	37¼	-1½
48¾	32⅞	AetnLf	2.52	6.5	6	2717	38¾	38¼	38½	+½
65	52⅞	AetL	pf2.49e	4.1		882	61¾	60¼	60½	-1⅛
33¼	6	Ahmns	.80	1.9		1876	32½	30½	32¼	+2⅝
4	2⅛	Aileen				127	3⅝	3½	3½	
48	23⅝	AirPrd	.80	1.8	15	923	46	44½	44⅞	+1⅛
21¼	8½	AirbFrt	.65	2.9	27	80	21¼	20⅞	20⅞	-⅛
2⅞	2	AlMoa	n		4	120	2⅛	2⅛	2⅛	+⅛
31¼	24½	AlaP	pfA3.92	13		25	31	30½	30½	
7⅛	5½	AlaP	dpf.87	13		21	7	6⅞	6½	-⅛
78	54⅛	AlaP	pf 9	13		z2820	70	60	60⅞	+1⅛
65	60¾	AlaP	pf8.16	13		z2500	62⅛	62	62	
66¼	51	AlaP	pf8.28	13		z500	63½	63	63½	+½
17½	13	Alagsco	1.60	10	5	19	18¼	15⅞	16	-¼

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AMERICAN STOCK EXCHANGE CLOSING PRICES

Closing prices February 25

12 Month High	12 Month Low	Stock	Div	Yld	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
11⅞	5¼	AAV	.32	2.7	6	16	11⅞	11¼	11⅛	
4¼	2¾	AICPh				33	4½	4¼	4¼	−⅛
3⅝	1	ATI			13	59	3	2¾	2⅞	−⅛
6¾	1½	AcmePr			19	77	u6⅞	6¼	6¾	+⅛
21¼	12⅞	AcmeU	.40	2.1	16	9	19	18⅞	19	
22¾	2¾	Action			5	70	20¼	19⅞	19⅞	−½
8⅞	5¼	Acton s	.10r	1.3		61	8	7⅞	7⅞	−⅛
3¼	⅞	Actn	wt			33	2	1⅞	1⅞	−¼
10⅛	1¾	AdmRs	.10	4.4		32	2½	2¼	2¼	−⅛
28¼	12	AdRusl	s.10	.4	27	149	u27⅞	26⅞	27⅛	+⅛
21½	11⅞	Adobe	.20	1.2	11	52	17⅛	16⅞	16¼	−⅛
3	2	AegisCp			7	257	2⅞	2⅞	2⅞	−⅛
21½	7⅞	Aeroflx	1.55t	7.8	16	80	20¼	19¼	20½	+⅛
6¾	6¼	Aeronca			11	123	6¼	6	6	
21⅝	6⅛	AlliHap	.32	1.6	16	35	21⅛	16¼	20	−1
30½	10	AlliPb	s.64	2.2	14	100	29¼	29	29	+⅛
8⅞	3⅛	AltSx			7	256	u9¼	9	6¼	+⅛
15½	4⅞	AirExp				643	14⅛	12⅞	13⅞	
13⅞	3⅞	AlbaW	.10e	7.2	635	u13⅞	13⅞	13⅞	⅛	
16½	6	Allen1	.75t	4.8		5	15¼	15¼	15¼	+⅛
10⅛	6¼	ArmySt		2	1244	1	9⅞	9¼	9⅞	−⅛
10⅝	5¼	AlohaA			5	77	10⅛	9⅞	10	−¼
23⅞	9¼	Alphai	.6		29	186	22¼	21⅛	22	−½
13½	7⅝	Alpmi	.40	3.2	11	6	12⅞	17⅛	17⅛	−⅛
1¼	½	Altec				150	1	15-16	15-16	
2⅞	1⅛	Altex	s			126	1⅞	1½	1½	−⅛
½	1-16	Altx	83wt			110	3-16	⅛	3-16	
33	25	Alcoa	pf3.75	11		z100	u33¼	33¼	33¼	+⅛
44½	17⅛	Amdhl	.40	1.0	175	501	42⅞	41¼	42	−⅛
29⅝	6¼	Amedc	s.12	.5	27	43	27⅞	26	26	−1⅛
5	3½	ABilt	s			11	4¼	4¼	4¼	−⅛
3⅛	⅞	AmCap				13	2½	2⅜	2½	+⅛
38	17	ACont	.80	2.6	8	6	u30⅞	30¼	30⅛	+⅛
27¼	8¼	AExp	wt			484	u27⅞	25⅞	26⅞	+⅛
16½	6¼	Alsmel			5	18	11⅞	10⅞	10⅞	−⅛
14	0	AMzeA	.52	3.8	11	36	13⅞	13½	13⅞	+⅛
14	8	AMzeB	.52	3.8	11	2	13⅞	13⅞	13⅞	

Continued on Page 24

NEW YORK STOCK EXCHANGE CLOSING PRICES

Continued from Page 22

12 Month High	12 Month Low	Stock	Div	Yld	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
42	25¾	Vlcm	pf2.10	5.5		2	38	35	38	+1
15⅝	11⅛	VaEPw	1.80	11	6	3207	15	14⅞	14⅞	
72	54½	VaEP	pf8.84	13.		z600	68⅞	68⅞	68⅞	−⅛

Continued on Page 24

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

Indices

NEW YORK — DOW JONES

	Feb. 25	Feb. 24	Feb. 23	Feb. 22	Feb. 18	Feb. 17	1982-83 High	1982-83 Low	Since Cmpil't'n High	Since Cmpil't'n Low
● Industr'ls	1120.94	1121.81	1096.94	1080.40	1092.82	1088.81	1121.81 (24/2/83)	770.82 (12/8)	1121.81 (24/2/83)	41.22 (2/7/32)
H'me Bnds	72.49	72.09	71.93	71.89	71.49	71.15	72.49 (25/2/83)	56.87 (12/2)	—	—
Transport..	492.30	490.71	485.71	482.18	480.78	476.68	482.30 (25/2/83)	292.12 (12/8)	492.30 (25/2/83)	12.32 (8/7/32)
Utilities..	124.82	124.22	123.71	128.62	124.12	123.84	125.72 (20/1/83)	103.22 (30/7)	181.32 (20/4/68)	10.5 (28/4/42)
TradingVol 000's	100,87	113,220	84,100	84,080	77,420	74,830	—	—	—	—

● Day's high 1135.26 (1126.74) low 1115.10 (1100.02)

	Feb. 18	Feb. 11	Feb. 4	Year ago (Approx)
Indus'l div. yield %	4.93	4.95	4.99	6.74

STANDARD AND POORS

	Feb. 25	Feb. 24	Feb. 23	Feb. 22	Feb. 18	Feb. 17	1982-83 High	1982-83 Low	Since Cmpil'n. High	Since Cmpil'n. Low
Indust'ls. .	168.35	168.28	164.86	163.38	166.38	165.72	168.35 (25/2/83)	114.08 (12/8)	168.35 (15/2/83)	5.62 (30/6/32)
‡Comp's'ts	149.74	149.66	146.79	145.48	148.00	147.44	149.74 (25/2/83)	102.42 (12/8)	148.74 (25/2/83)	4.40 (1/6/32)

	Feb. 23	Feb. 16	Feb. 9	Year ago (approx)
Indst'l div. yield %	4.38	4.62	4.38	5.83
Indus'l P E ratio	11.45	11.52	11.36	7.62
Long Gov. Bond yield	10.59	10.92	11.09	16.21

N.Y.S.E. ALL COMMON

Feb. 25	Feb. 24	Feb. 23	Feb. 22	1982-83 High	1982-83 Low
86.36	86.85	84.74	84.06	86.35 (25/2/83)	58.80 (12/8)

Rises and Falls	Feb. 25	Feb. 24	Feb. 23
Issues Traded	1,977	1,984	1,886
Rises	885	1,168	887
Falls	741	418	656
Unchanged	351	343	345
New Highs	314	215	87
New Lows	6	5	5

MONTREAL

	Feb. 25	Feb. 24	Feb. 23	Feb. 22	1982-83 High	1982-83 Low
Industrials	385.68	381.50	354.40	353.71	389.58 (15/2/83)	248.88 (21/6)
Combined	355.84	351.46	344.15	345.22	355.86 (16/2/83)	257.27 (21/6)
TORONTO Composite	2123.18	2128.8	2073.0	2066.7	2147.8 (16/2/83)	1352.2 (7/7)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Gulf & West.	3,482,800	24¾	+1½	Inco	977,600	14	+¼
Exxon	1,689,500	29⅞	+½	St Oil Calif.	913,200	36⅝	−⅞
Goodyear	1,339,800	31⅛	+1⅞	Sears Roebuck	791,300	31⅞	+⅞
ATT	1,173,200	68⅝	−⅞	Merrill Lynch	782,600	76⅝	+2⅞
IBM	1,052,100	100⅝	−⅝	Superior Oil	756,500	33⅝	−¼

	Feb. 25	Feb. 24	Feb. 23	Feb. 22	1982-83 High	1982-83 Low
AUSTRALIA All Ord. (1/1/80)	506.4	495.7	495.4	504.2	595.5 (4/1/82)	444.2 (8/7)
Metals & Mins. (1/1/80)	461.5	442.2	440.1	452.8	502.2 (7/2/83)	299.0 (8/7)
AUSTRIA Credit Aktien (2/1/62)	48.93	48.96	48.78	48.82	58.98 (4/11)	47.35 (29/10)
BELGIUM Belgian SE (31/12/63)	107.34	106.77	106.91	106.66	107.34 (25/2/83)	88.42 (20/1/82)
DENMARK Copenhagen SE (1/1/83)	114.67	114.72	114.71	113.15	114.72 (24/2/83)	100.00 (3/1/83)
FRANCE CAC General (31/12/82)	107.4	107.4	106.6	106.1	107.4 (24/2/83)	88.1 (1/1/83)
Ind Tendance (31/12/82)	115.5	112.0	111.8	111.8	111.5 (25/2/83)	86.0 (5/1/83)
GERMANY FAZ-Aktien (31/12/58)	270.78	268.05	261.83	261.75	270.78 (15/7/81)	214.08 (17/8)
Commerzbank (Dec 1953)	812.8	804.1	791.3	781.3	812.8 (25/2/83)	660.2 (17/8)
HONG KONG Hang Seng Bank (31/7/64)	1086.30	1030.95	992.81	990.52	1445.32 (12/1/82)	676.30 (2/12)
ITALY Banca Comm Ital. (1972)	203.02	201.81	205.00	208.15	212.66 (19/5)	147.23 (22/7)
JAPAN** Dow Average (16/5/49)	6868.04	7984.25	7831.65	7818.16	8210.02 (8/1/83)	6849.78 (1/10)
Tokyo New SE (4/1/68)	088.22	582.92	579.24	579.00	602.17 (8/1/83)	511.52 (17/8)
NETHERLANDS ANP-CBS General (1970)	110.5	109.6	100.1	110.7	112.8 (18/2/83)	84.0 (8/1/82)
ANP CBS Indust (1970)	97.1	96.3	96.8	87.1	98.6 (16/2/83)	65.2 (4/1/82)
NORWAY Oslo SE (4/1/83)	145.71	144.09	145.58	147.74	151.9 (18/2/83)	98.01 (4/1/83)
SINGAPORE Straits Times (1966)	825.29	817.12	811.71	806.86	825.29 (25/2/83)	557.07 (18/8)
SOUTH AFRICA Gold (1958)	855.4	841.2	861.2	881.2	1098.5 (1/2/83)	335.5 (8/7)
Industrial (1958)	840.3	840.8	848.4	852.8	855.8 (21/2/83)	507.5 (29/6)
SPAIN Madrid SE (31/12/82)	102.87	102.28	103.25	106.21	104.50 (1/2/83)	98.52 (11/1/83)
SWEDEN Jacobson & P. (1/1/58)	1284.35	1275.00	1258.81	1252.18	1278.00 (24/2/83)	663.32 (29/4)
SWITZERLAND Swiss Bank Cpn. (31/12/58)	315.5	314.5	318.3	112.6	115.5 (25/2/83)	237.0 (17/8)
WORLD Capital Intl. (1/1/70)	—	162.3	158.8	156.5	162.8 (15/2/83)	116.4 (13/8)

(**) Saturday February 19. Japan Dow (c). TSE (c).

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000: the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

CANADA

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

FRANCE

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

SWEDEN

[illegible]

GERMANY

[illegible]

SWITZERLAND

[illegible]

SPAIN

[illegible]

NOTES:—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 23

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NEW YORK CLOSING PRICES

Continued from Page 23

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WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY
COMPANY MEETINGS—
Barr (A. G.), 13db, Gallogate, Glasgow, 11.00
Cosall, Fish Dock Road, Grimsby, 12.00
Dewhurst and Partner, Melbourne Works, Inverness Road, Hounslow, Middlesex, 3.00
Nottingham Brick, Daybrook House, Ribblesdale Road, Sherwood, Nottingham, 11.00
BOARD MEETINGS—
Finals:
Blagden Inds
Vickers
Weber
Interims:
Dainy Inds
Throgmorton Secured Growth Tst
DIVIDEND & INTEREST PAYMENTS—
AE 0.0p
Aerospace Engineering 3.25p
Alexander and Alexander Services 25cts
Allied Leather Inds 5pcPf 1.75p
Allnatt London Props 10½pc1stMtgDb 1994-99 5¼pc
Automated Security (Hldgs) 8pcCavRedPf 4p

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Reforms in adult training

By Alan Pike

THE Manpower Services Commission (MSC) has taken the first firm steps towards a strategy for reforming adult training in UK industry.

A wide-ranging and potentially highly influential discussion document will be considered by MSC members next month. If approved, it will be published around Easter and the MSC hopes firm decisions on how to proceed will be reached by October.

Better arrangements for the training and re-training of adults are part of the Government's New Training Initiative for modernising all aspects of industrial training.

Until now, most attention has been directed at the other elements of the initiative – introducing the Youth Training Scheme for school-leavers and making time-served apprenticeships more flexible.

MSC chairman Mr David Young, however, believes the adult training strategy may prove to be "the most important area for the MSC over the next decade."

The need to equip adult workers with new skills, possibly several times during their working lives, will become increasingly common and urgent as technological change accelerates.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	3rd International Food and Drink Exhibition (01-486 1951) (until March 4)	Olympia
March 1-3	Hydrocarbons '83 Oil and Gas Exhibition and Conference (0923 778311)	Gt. Yarmouth
March 1-3	Malting Efficiency Exhibition (01-405 6233)	Bloomsbury Crest Hotel, W1
March 2-4	Fleet News Show (Cars) (01-221 2142)	Wembley Conference Centre
March 6-8	International Exhibition for the Automotive Parts and Accessories Industry—AUTOPARTAC (10494) 41548)	Barbican, EC2
March 8-11	International Powder and Bulk Solids Technology Exhibition and Conference (01-686 5741)	NEC, Birmingham
March 8-19	Chelsea Antiques Fair (St Albans (0727) 5606)	Kensington Old Town Hall
March 8-April 4	Daily Mail Ideal Home Exhibition (01-222 9341)	Earls Court
March 21-25	International Engineering Inspection and Quality Control Exhibition—INSPEX (01-643 8040)	NEC, Birmingham
March 22-25	London Fashion Fair (01-831 7855)	Olympia
April 6-8	Fashion Fabrex (01-568 8765)	Olympia
April 18-22	International Fire, Security and Safety Exhibition and Conference (01-837 5050)	Olympia
April 19-21	2nd Exhibition of Numerical Engineering Equipment and Services (01-579 9411)	Wembley Conference Centre
April 26-28	Site Equipment Demonstration—SED 83 (01-904 9504)	Hatfield

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	International Spring Fair (01-734 0543) (until March 2)	Frankfurt
March 8-10	The SEMICON Europa '83 Electronics Show (01-353 8807)	Zurich
March 9-12	International Hardware Fair (01-730 4645)	Cologne
March 10-20	53rd Geneva International Motor Show (022/98 11 11)	Geneva
March 11-16	International Trade Exhibition for Hotels, Catering, Bakeries and Confectioners — INTERNORGA	Hamburg
March 13-19	International Spring Fair (01-439 3111)	Leipzig
March 14-17	Computer Graphics Exhibition (01-749 3061)	Berlin
March 23-27	Exhibition of Building Components and International Finishings and Sports Facilities (051 555.662)	Bologna
March 24-27	International Trade Fair for Garage Equipment—AUTOVAK (01-228 2880)	Amsterdam

BUSINESS AND MANAGEMENT CONFERENCES

March 1-2	Institute for International Research: The 1983 futures markets conference (01-637 4383)	Royal Garden Hotel, W8
March 4	European Democratic Group: European Car Seminar (01-839 3788)	Carlton House Terrace
		Blakemore Hotel, Little Wymondley, near Hitchin
March 8-9	FT Conference: The euromarkets in 1983 (01-621 1355)	Inter Continental Hotel, W1
March 10, 11, April 28, 29	Economist: the changing relationship between the oil market and international finance (two-part workshop) (01-839 7000)	Chewton Glen Hotel, Hampshire
March 14, 16	Oyez IBC: Improve your management of hazard and operability studies (01-499 6321)	Park Lane Hotel, W1
March 15	Macfarlane: U.S. sales and business operations. Current legal practice aspects (01-637 7438)	Royal Garden Hotel, W8
March 15	Industrial Society: making provision for ethnic minorities at work (01-839 4300)	Carlton House Terrace, SW1
March 16	Institute of Credit Management: Annual Conference (Ascot (0990) 23711)	Hilton, W1
March 21, 22	Irish Chemical Industry—2nd Economic Conference (Dublin (01) 605877)	Dublin
March 22	CBI: Pay bargaining in the next ten years (01-379 7400)	Centre Point, WC1
March 22-23	FT Conference: The outlook for world grains (01-621 1355)	Inter Continental Hotel, W1
March 23	BSI/BRC conference on flat roofs: Warm and Dry (0442 48411)	Park Lane Hotel, W1
March 23	Macfarlane: Offshore tax planning in the UK. What would reintroduction of exchange controls mean? (01-637 7438)	Waldorf Hotel, WC2
March 23	External Wall Insulation Association: Insulation seminar (01-637 7481)	UMIST, Manchester
March 23, 24	Clothing and Footwear Institute: focus on microcomputers (01-203 1091)	CFI conference centre, London
March 23, 24	IPC: Quality—the key to manufacturing profitability—Inspex '83 (01-643 8040)	NEC, Birmingham
March 24	Macfarlane: International financial communications in a world recession (01-839 4300)	Press Centre, EC4

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

THE WEEK IN THE COURTS

Libel, compensation, and a jury's right not to account for its actions

FORTY - FIVE THOUSAND pounds is a heck of a lot of money. It would take most people several years to earn it. It is not a sum of money which many people could or would give away or spend easily. But this was the sum which in *Blackshaw v Lord and The Daily Telegraph Ltd* a jury awarded to a former civil servant who had been a senior official in the Department of Energy.

The jury decided that he had been libelled in an article by an economics correspondent published in the first edition of The Daily Telegraph on September 13 1979. In libel, as in crime, the law is at its most dramatic. The newspaper proprietors and correspondent applied to the Court of Appeal. They failed.

Some topics raised in the appeal were so interesting and difficult that judgment was reserved. One of these was the high amount of compensation which the jury awarded.

In his judgment, Lord Justice Stephenson said that if a judge had made the award, he would have been disposed to reduce it substantially. But because a jury awarded the sum, the Court of Appeal was not entitled to reduce it merely because it thought that the jury's assessment was wrong. A jury's award was liable to be reduced if it was such that no 12 reasonable jurors could have awarded it if properly directed by the trial judge. In this case, the trial judge had directed the jury properly. It was not one of those exceptional cases in which the Court of Appeal would or should interfere with the jury's award, either by ordering a new trial to decide the amount of compensation, or by substituting a Court award.

One of the characteristics of the present jury system is that no jury is legally obliged to have or state any reasons for its decision. Nobody outside the jury knows the reasons for its decisions or the arguments, factors or feelings which led to any of its conclusions. Its discussions occur in private; nobody can discover or reveal them.

The main justification for a jury system is that it safeguards the law against narrow-minded specialists and that it involves the ordinary person in the administration of justice and in decisions in which the views of the ordinary person are invaluable.

But should any person be entitled to award £45,000 at the end of a trial without any obligation whatsoever to have or disclose any reasons for the *award*? A jury which can be trusted to award such a sum of money should also be trusted *to have and state sufficient* reasons for its decision.

Nobody doubts that every jury does its duty to the best of its ability. Would a duty to give reasons add an unnecessary burden to its responsibilities?

During the appeal comparisons were made between awards of damages in personal injury cases and the jury's high award in this case of libel. Lord Justice Stephenson said *the differences* between the two types of award were too great for any comparison to be of any value.

The purpose of an award of damages in a libel case is to repair the damage done to the victim of the libel and restore intact his or her reputation. Damage to reputation differs considerably from the physical disabilities, pain and suffering, loss of earnings, diminution of earning power and the other *misfortunes* which an award of damages in a personal injuries case is intended to compensate.

This does not invalidate any comparison between the range of awards of damages in libel cases and in personal injuries cases. As a result, some people may think that in libel cases the damages awarded tend to be too high and in personal *injuries* cases too low.

The essence of the libel in Mr Blackshaw's case was incompetence or inefficiency as a civil servant causing the loss or *improper payment* of public money totalling some £52m, for which he had been reprimanded and compelled to resign from the civil service. These were remarks which a jury could hardly be expected to treat as trivial.

Is it right that a jury should award for such a libel damages higher than a judge might think fit for loss of an eye or amputation of a leg? If the *award* of £45,000 would have been open to review and adjustment had it been made by a judge, why should it be *sacrosanct* because it was made by a jury? Or are juries as ordinary men and women of the world more expert and reliable in deciding all these issues than judges? Should a litigant in a personal injuries case in this country be entitled as of right to the benefits of the jury system? Or should judges alone decide libel cases?

The main topic under consideration in The Daily Telegraph appeal was the scope of the defences of statutory and common law qualified privilege, which Mr Lord and The Daily Telegraph put forward at the trial.

The Schedule to the Defamation Act 1952 confers a qualified privilege on various newspaper statements. Among them is "a fair and accurate report" of "any notice or other matter issued for the information of the public by or on behalf of any government department."

The Daily Telegraph and its economics correspondent claimed that this included a telephone conversation between him and the Department of Energy's Press officer, a conversation during which Mr Lord made various inquiries in the course of his investigative journalism.

Lord Justice Stephenson said that information given on the initiative of a government department fell more easily within the scope of this defence than information pulled out of the mouth of an unwilling government *official*. Not every statement of fact which a Press officer made to a journalist fell within the scope of the statutory qualified privilege. A Press officer's or a reporter's assumption, inference or speculation fell outside the scope of this defence. The reporting of official information was protected by this defence; investigative journalism was not.

He also ruled that in the particular circumstances of the case the defence of common law qualified privilege did not cover Mr Lord's *article*. *This* defence applied to any report or article which the newspaper had a duty to publish and the public had an interest to receive. The subject-matter had to be in the public interest, as did its publication.

There was no duty to inform the public of damaging allegations or charges which were still under investigation or had been authoritatively refuted. There was no defence in a libel case of "*fair information on a* matter of public interest."

Any suggestion to the contrary in the 20-year-old case of *Webb v The Times Publishing Company* must be disregarded.

The Court of Appeal's rulings in Mr Blackshaw's case about the scope of the defences of qualified privilege may be unwelcome to journalists. But, in its present form the law of libel gives priority to the protection of an individual's or a corporation's reputation, even against attacks made in good faith or in the belief that the reputation was undeserved.

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

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INSURANCES

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INSURANCE & OVERSEAS MANAGED FUNDS

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF 01-404 0393

Asset Builder*	61 2	64 4		—

London Indemnity & Gnl. Ins. Co. Ltd
18-20 The Forbury, Reading 583511

Money Mngr Feb 15	56 4	60 8		—
MM Flexible Feb 15	47 0	50 4		—
Fixed Interest Feb 1	51 6	54 4		—

London Life Linked Assur. Ltd.
700, Temple St., Bristol, BS1 6EA 0272-279179

Equity	207.8	214.0		—
Fixed Interest	153 0	153 7		—
Property	158.7	163 4		—
Deposit	137 6	137 6		—
Mixed	177.5	181.3		—
Indexed Stk	112.7	113.2		—

London Life Managed Funds Ltd.

Equity (P.)	147 9	153 0		—
Fixed Int. (P.)	152.5	153 6		—
Property (P.)	116 3	120 9		—
Deposit (P.)	115 1	115.1		—
Mixed (P.)	140 2	143.8		—
Indexed Stock (P.)	118.7	119.5		—

London & Manchester Gp.
Winslade Park, Exeter EX5 1DD. 0392 52155

Invest. Tst. Fd. Cap.	263.0	—	+0.3	—
Invest. Tst. Fd. Acc.	271.6	—	+0.4	8.6
Property Fund Cap.	116.1	—	—	—
Property Fund Acc.	119 0	—	—	3 3
Flexible Fund Cap.	171.5	—	+0.3	—
Flexible Fund Acc.	176 0	—	+0.3	2.7
Fixed Int. Fd. Cap.	132.0	—	+2.0	—
Fixed Int. Fd. Acc.	137.3	—	+1.1	—
Gtd. Deposit Fd. Cap.	137.0	—	—	—
Gtd. Deposit Fd. Acc.	140 4	—	—	—
Equity Fund Cap.	140 5	—	+1.1	—
Equity Fund Acc.	143.2	—	+0.4	—
International Fd. Cap.	131.8	—	+0.8	—
International Fd. Acc.	135.5	—	+0.8	—
Capital Grth. Fd.	306.2	—	−0 1	—
Moneymaker Fund	155.2	—	+0.4	—
Exempt Inv Tst Cap	365.2	—	−0.2	—
Exempt Inv Tst Acc.	368.1	—	—	—
Exempt Inv Tst NS	367.6	—	+0.1	4.6
Exempt Ppty Cap	182.9	—	—	—
Exempt Ppty Acc	184.1	—	+0.1	—
Exempt Ppty NS	103 9	—	+0.1	*2.3
Exempt Flex Cap	228.1	—	+0.1	—
Exempt Flex Acc.	229.4	—	+0.2	—
Exempt Flex NS	279.6	—	+0.6	*2.4
Exempt Equity Cap	103.5	—	−0.3	—
Exempt Equity Acc.	104 3	—	−0.3	—
Exempt Fxd Int Cap.	98.8	—	+0.6	—
Exempt Fxd Int Acc.	99.6	—	+0.6	—
Exempt Gtd Dep Cap	100.8	—	—	—
Exempt Gtd Dep Acc.	101 6	—	—	—

*Addition to price where reduced mngmt. charges apply.

M & C Group
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588.

American Fund Bond.	110.2	124.2	+2.6	—
American Rec. Bond.	165 0	173.9	+3.0	—

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU 01-680 0606

Property Fund		281 3		—
Property Fund (A)		274 0		—
Agricultural Fund		1049 9		—
Agric. Fund (A)		1024 4		—
Abbey Nat. Fund		222 4		—
Abbey Nat. Fd. (A)		221 6		—
Investment Fund		126 4		—
Investment Fund (A)		124.8		—
Equity Fund	375 0	—	−0 6	—
Equity Fund (A)	368.8	—	−0 6	—
Money Fund		206.3	+0 3	—
Money Fund (A)		202.8	+0 3	—
Actuarial Fund		195.5		—
Gilt-edged Fund	178.9	—		—
Gilt-Edged Fd. (A)	178 4	—		—
Retire Annuity		340 8		—
Immed. Ann'ty		194.0		—
International Fd.		234.5	+3 0	—

Property Gth Pens. & Annuities Ltd

All Weather Ac. Uts.	225 1	237.0		—
Inv. Fd. Uts.		260.4		—
Pension Fd. Uts.		236 0		—
Conv. Pens. Fd.		265.7		—
Cnv. Pns. Cap. Ut.		203.7		—
Man. Pens. Fd.		297.3		—
Man. Pens. Cap. Ut.		237.1		—
Prop. Pens. Fd.		265.3		—
Prop. Pens. Cap. Uts.		206.0		—
Bldg. Soc. Pen. Ut.		236 3		—
Bldg. Soc. Cap. Ut.		185.8		—
Gilts Pens. Fd.		154.7	+0.3	—
Gilts Pens. Fd. Cap.		138.4	+0.2	—
Equity Pens. Fd.	221.7	—	−1.2	—
Equity Pens. Fd. Cap.	198.9	—	−1.2	—

Providence Capitol Life Assc. Co. Ltd.
30 Uxbridge Road, W12 8PG. 01-749 9111

Equity Acc.	94.9	100.2		—
Fixed Interest Acc.	85.6	90.3		—
Intnl. Acc.	76.1	80.3		—
Managed Acc.	85 4	90.0		—
Property Acc.	106.6	112.5		—
Money Acc.	71.3	75 3		—
Special Market Acc.	63.1	66.6		—
Japan Acc.	49.7	52.5		—
North America Acc.	68.3	72.1		—
Pacific Acc.	42.5	44.9		—
Technology Acc.	55 2	58.3		—
Nat. Resources Acc.	48.2	50.9		—

Individual Pension Funds

Equity Acc.	82.7	87.3		—
Fixed Interest Acc.	85.0	89.7		—
Intnl. Acc.	82.4	87.0		—
Managed Acc.	78.9	83.2		—
Property Acc.	73.4	78.0		—
Money Acc.	63.8	47.3		—

Group Pension Funds

Equity	289.3	298.3		—
Fixed Interest	241.3	248.8		—

Provident Mutual Life Assc. Assn.
Withan Rd., Hitchin, Herts, SG4 0LP 0462-52991

OFFSHORE AND OVERSEAS

NOTES

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
15Ja	18Jul	Treasury 9¼pc '83	99⅝	15 12	4.28	10.26
22May	22N	Exch. 13¼pc '83	101	18.10	11.26	10.74
12Jun	12D	Exch 10pc 1983	99	5 11	10.04	10.51
15Jul	15Ja	Funding 5½pc '82-84‡‡	97⅝	9 12	5.65	8.63
20Aug	20F	Exch. 11¼pc 1984	100⅝	14 1	11.18	10.55
22N	22May	Exchequer 14pc 1984	103½	18 10	13.53	10.86
19D	19Jun	Exch. 3pc 1984	94⅝	12 11	3.18	7.60
26Mar	26S	Treasury 12pc 1984	102xd	17.2	11.76	10.55
22Aug	22F	Treasury 15pc 1985	106	17 1	14.03	11.03
22S	22Mar	Exch 12pc Cnv. '85	103½xd	14 2	11.59	10.08
21N	21My	Treasury 3pc 1985	90⅝	15 10	3.31	7.66
15Jan	15Jul	Treasury 11½pc 1985	101½	9 12	11.57	10.95
3 Sept		Treas 8¾pc Cnv '85	97½	—	8.97	9.86
22May	22N	Exch 12¼pc 1985	102¼	18 10	11.98	11.23
25 Aug	25F	Exch 11¾pc '86	101⅝xd	19 1	11.59	11.19
14N	14May	Treasury 3pc 1986	87½	13 10	3.43	7.43
12D	12Jun	Treasury 12pc '86	102	5 11	11.76	11.18
10Ja	10Jul	Treasury 8¼pc '84-86‡‡	96½	6 12	8.83	9.84
14Ja	14Jn	Treas. 12¾pc '86 Cnv	106	8 12	11.44	9.60
29Ap	29Oct	Exch 14pc 1986	107	22 9	13.00	11.39
22Jul	22Jan	Exch 13¼pc 1987	106	16 12	12.50	11.25
—		Exchequer 2½pc 1987	84	—	2.98	7.10
Oct 6	Apr 6	Exch 10½pc 1987	97½	—	10.77	11.26
6 Oct	—	Ex 10½pc '87A (£30pd)	29⅝	—	10.70	11.70
1N	1May	Funding 6½pc '85-87‡‡	91	27 9	7.74	9.14
14Ja	14Jul	Treasury 3pc 1987	83⅝	8 12	3.57	7.38
3 May	3N	Treas 12pc 1987	102½	27 9	11.74	11.35
26Jul	26Ja	Treasury 7¾pc '85-88‡‡	90⅝	20 12	8.53	10.15

Five to Fifteen Years

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
—		Exch 10½pc '88	100	—	10.85	11.33
1Ja	1Jul	Transport 3pc '78-88	80¼	25 11	3.76	7.69
25Ap	25Oct	Treas 9½pc '88	95	—	10.25	11.27
22Aug	22F	Treasury 11½pc 1989	99¼	17 1	11.61	11.72
15Ap	15Oct	Treasury 5pc '86-89	80¼	8 9	6.34	9.34
15Jul	15Ja	Treasury 13pc 1990‡‡	107	9 12	12.33	11.81
22Sept	22Mar	Exch 12½pc 1990	102¼xd	14 2	12.14	11.86
15D	15Jun	Treasury 8¼pc '87-90‡‡	89	8 11	9.45	10.80
10Jul	10Ja	Treasury 11¾pc 1991	100½	6 12	11.85	11.90
5Oct	5Ap	Funding 5¾pc '87-91‡‡	79¼	1 9	7.47	9.96
25Ap	25Oct	Exch. 11pc 1991	99¼	20 9	11.46	11.75
22Jul	22Ja	Treasury 12¾pc '92‡‡	106	16 12	12.11	11.83
21Aug	21Fb	Treasury 10pc 1992	92	17 1	10.85	11.41
25Fb	25Aug	Exch 12¼pc '92	102xd	19 1	11.98	11.85
22Mar	22S	Exchequer 13½pc '92	108xd	14 2	12.41	11.93
14Ja	14Jul	Treasury 12½pc '93‡‡	105¼	8 12	12.00	11.78
15Ma	15S	Funding 6pc 1993‡‡	72¼xd	7 2	8.22	10.25
23May	23N	Treasury 13¾pc 1993‡‡	114¼	18 10	12.38	11.68
1S	1 Mar	Treasury 14½pc '94‡‡	116xd	24 1	12.46	11.79
27O	27Ap	Exchequer 13½pc 1994	114	20 9	12.34	11.94
22F	22Aug	Exch 12½pc 1994	104¼	17 1	12.01	11.85
17May	17N	Treasury 9pc '94‡‡	89½	11 10	10.31	10.93
25Jul	25Ja	Treasury 12pc '95	102⅝	20 12	11.85	11.79
1N	1May	Gas 3pc '90-95	62¼	27 9	4.90	8.05
21Ja	21Jul	Exch 10¼pc 1995	93	15 12	11.15	11.49
15May	15N	Treasury 12¾pc '95‡‡	110¼	11 10	11.43	11.69
22Jul	22Ja	Treas 14pc '96	115¼	16 12	12.32	11.47
15S	15Mar	Treasury 9pc '92-96‡‡	86xd	7 2	10.38	11.93
3N	3May	Treasury 15¼pc '96‡‡	127⅝	27 9	12.45	11.83
15N	15May	Exchequer 13¼pc '96‡‡	114⅝	11 10	11.98	11.66
1Ap	1Oct	Redemption 3pc 1986-96	58½xd	21 2	5.11	8.09
22Jul	22Ja	Treasury 13¼pc '97‡‡	112½	16 12	11.96	11.66
21Aug	21F	Exchequer 10½pc 1997	94	17 1	11.39	11.40
1Mar	1S	Treasury 8¾pc 1997‡‡	84½xd	24 1	10.40	10.95
27Ap	27Oct	Exch. 15pc 1997	126½	20 9	12.36	11.07

Over Fifteen Years

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1N	1May	Treasury 6¾pc '95-98‡‡	73¼	27 9	4.50	10.63
30Mar	30S	Treas. 15½pc '98‡‡	125¼xd	21 2	12.25	11.75
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Undated

[illegible]

Index-Linked & Variable Rate

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. & LEASING

[illegible]

BANKS—Continued

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued.

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

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INDUSTRIALS—Continued

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Aug.	Dec	Inter-City 20p	97	11'79	—	—	—	—
		Jarrow Sq Sm 20p	176	—	u4.0	1.8	3.3	24.4
Feb	Aug.	Jacksons Bourne	165	31.12	5.8	3.1	4.3	10.7
August		James Inds. 10p	21	17.1	1.25	1.9	8.5	8.8
Nov	June	Jardine M HK$5	156	25.4	Q92c	2.5	5.7	7.6
July	Jan	Jenks & Cattell	27	1.11	21.0	—	5.3	—
Oct	Apr.	Johnson Clnrs	306	6.9	17.7	2.3	3.6	17.0
Feb	Aug.	Johnson Mthy. £1	302	13.12	10.0	1.9	4.7	(13.3)
Jan	July	Johnson Grp. 10p	273	17.5	4.0	6.2	2.1	10.8
Oct.	June	Jourdan (T.) 10p	92	2.8	3.25	0.6	8.2	(32.1)
May	Dec.	Kalamazoo 10p	41	1.11	2.5	0.9	9.0	17.7
Feb.	July	Kelsey Inds.	210	31.12	0.8	1.7	5.4	14.5
Nov.	April	Kershaw (A.)5p	125xd	21.2	15.8	ϕ	17.1	ϕ
Jan	Aug.	Kleen-E-Ze Hldgs.	52	13.12	13.0	0.2	8.2	—
Jan.	Aug.	L.C.P. Hlds	57	29.13	3.8	0.6	9.0	(33)
Oct.	April	L.R.C. Int. 10p	107xd	21.2	3.1	2.0	4.1	18.1
Dec	May	Lawtex	27	17'81	—	—	—	—
Mar.	Oct.	Lep Group 10p	410	31.12	17.5	1.7	6.1	(12.8)
Oct.	July	Lilleshall 10p	22	30.4	‡2.5	—	‡	—
Jan	Oct	Lon. & Liv. 10p	473	29.11	†2.45	2.4	0.7	68.9
Jan.	Sept.	London & Mid'd	135	13.12	7.73	1.1	9.6	(11.8)
Jul.	Dec.	Lon. & Nthn. Grp.	99	15.11	†3.75	2.1	9.1	6.3
—		Lon. Priv. Health	39	—	—	—	—	19.5
Jan.	June	Long Hambly. 10p	7½	12'79	8—	—	—	—
Mar	Oct	Longton Inds.	55	6.9	1.0	—	2.6	—
Dec.	June	Low & Bonar 50p	84	18.10	†7.8	0.6	11.9	(28.4)
June	Dec.	M.Y. Dart. 10p	22½	1.11	‡ϕ1.21	—	‡	—
May	Sept.	M'c'rthy Ph. 20p	163xd	21.2	7.0	2.5	6.1	8.1
Oct.	May	Macfarlane Gp.	140	6.9	†h3.2	2.5	3.3	15.9
July	Nov.	Macfellan 20p	46	4.10	d1.43	1.4	4.4	(20.2)
Aug.	Mar.	Macpherson (D.)	58½xd	21.2	4.2	ϕ	10.3	ϕ
Oct.	Apr.	Magnolia Group	48	28.9	2.3	3.9	6.8	4.9
Apr.	Oct.	Man. Ship Can. £1	130	9'80	3.5	—	4.0	—
Oct	Apr	Marley	57	16.8	2.5	ϕ	6.4	ϕ
Feb.	Oct.	Marling Ind. 10p	37	13.12	1.08	6.7	4.2	3.8
Dec.	Jun.	Marshall L'xy. 'A'	25	4.10	2.8	3.9	16.0	(4.0)
Jan.	July	Marshall's Univ	46	7.6	0.1	—	0.3	—
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LEISURE—Continued

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
—		GRA Group 5p	15½	—	—	—	—	ϕ
May	Nov	Grampian TVA 10p	45	13.12	†3.25	3.0	18.3	3.6
May	Oct	HTV Non/Vtg	159	4.10	11.8	2.0	9.9	7.1
Mar	Oct.	Horizon	207	16.8	†h3.8	5.3	2.1	13.8
Jan	Aug	Intasun 10p	126	31.12	3.5	4.8	4.0	6.4
Jan	Dec	LWT "A"	159	15.11	11.08	1.1	18.0	12.8
—		Leisure Inds.	215	13.12	‡6.0	3.0	4.0	10.2
Jan	Jul	Leisuretime Int 10p	150	—	8.9	2.8	8.9	51.3
June	Jan.	Mngmt. Ag. M. 10p	114	31.12	8.75	1.6	11.0	0.3
Apr.	Dec.	Medminster 10p	58	1.11	4.0	0.8	9.9	18.2
—		Nimslo Int 20c	96	—	—	—	—	—
Jan.	Sept.	Norton & Wri. 10p	78	13.12	†d2.0	0.5	3.7	—
—		Owners Abroad	25½	—	u0.35	4.6	2.0	15.8
June	Nov	Photax (Lon.)	41	30.4	‡3.5	3.8	‡	2.6
—		Pineapple Dance St 10p	130	—	u1.5	2.1	1.6	32.1
Sept.	Apr.	Pleasurama 5p	480	17.1	7.5	4.5	2.2	14.3
—		Radio City 'A' NV	120	31.12	g5.6	1.6	6.7	13.0
July	Jan	Riley Leisure 10p	148	13.12	24.1	1.7	4.0	21.3
Apr.	Nov.	Saga Hols. 20p	95	1.11	d3.73	—	5.6	—
May	Dec.	Samuelson 20p	420	15.2	¶d12.0	2.8	4.2	14.4
Dec	May	Scott. TV 'A' 10p	95	18.10	†7.0	3.8	10.5	3.5
—		SelecTV 10p	64	—	—	—	—	—
—		TSW 5p	15½	1.11	0.9	3.3	8.3	5.2
—		TVS N/Vtg 10p	38	—	—	—	—	—
Oct	Apr	Trid'nt TV 'A' 10p	80xd	21.2	4.26	1.4	7.6	13.7
—		21st Century Dist	155xd	21.2	—	—	—	—
April	Sept	Webb (Jos.) 5p	18	2.8	d0.51	0.3	4.1	—
Apr.	Nov.	Zetters 5p	81	20.9	2.75	2.9	4.9	10.1

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
—		B.L. 50p	20	—	—	—	—	—
—		Coleman Milne 10p	62	20.9	u1.5	3.2	3.5	(10.8)
Mr.Je.S.D.		Gen. Mts. Units	203	31.1	Q12c	—	3.7	—
[illegible]								

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
Nov	May	Falcon Rh.50c	363	1.5	Q25c	10.3	5.8
Nov.	May	Wankie Col. Z$1	70	4.10	10.3c	1.2	18.2
—		Zam.Cpr.SBD0.24	24	9'80	—	—	—

Australians

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—		ACM 20c	20½	—	—	—	—
—		Aurora Gold NL 25c	0	—	←	—	—
—		Black Hill Mins.	54	—	—	—	—
—		Bond Corp.	59	—	u010c	2.3	11.5
Nov.	Apr.	Bougainville 1 Kina	149	7.3	Q3.42c	ϕ	1.5
May	Nov	CRA 50c	263	15.3	Q3c	—	0.7
[illegible]							

Tins

[illegible]

Miscellaneous

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
[illegible]							
		For Burma see Southwest Res					
—		Colby Res Corp.	110	—	—	—	—
Aug.	Feb.	Cons. Murch. 10c.	430	23.12	‡Q60c	1.9	‡
—		Explaura Gold	4½	—	—	—	—
—		Highwood Res	145	—	—	—	—
—		Homestake Mining $1	£37¼	—	Q40c	—	0.7
—		Northgate C$1	460	9'77	—	—	—
Jan.	July	R.T.Z.	518	1.11	16.0	1.6	4.4
Jan	July	Do.9¼%Cv.Ln.'95-2000	£116	1.11	Q9½%	23.9	8.4
—		Sabina Inds C$1	28	—	—	—	—
	May	Southwest Res 10p	13½	15.12	—	—	—
—		Tara Expln $1	440	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ¤ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ✤ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- ◆ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- # No par value.

B.Fr. Belgian Francs. Fr. French Francs. ## Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	49	......
Bertrams	17#	......
Bdg'wtr. Est. 50p	495	......
Craig & Rose £1	£12½	......
Finlay Pkg. 5p	31	......
Graig Ship. £1	£20	−1
Higsons Brew	103	......
Holt (Jos) 25p	890	......
I.O.M. Stm. £1	92	......
Pearce (C. H.)	£12	......
Peel Hldgs.	170	......

IRISH

Exch 15¼c 1983	£100¼	+¼
Nat. 4¾% 84/89	£83	+½
Fin. 13% 97/02	£89¼xd	+¼
Alliance Gas	110	......
Arnott	190	......
Carroll (P.J.)	83½	......
Concrete Prods.	46	−6
Heiton (Hldgs.)	15	......
Ins. Corpn. Ireland	340	......
Irish Ropes	28	......
Jacob	72	−4
T M G	90	......
Unidare	42	......

OPTIONS

3-month Call Rates

[illegible]					
Glaxo	45	T.I.	13		
Grand Met.	25	Tesco	8	Mines	
G.U.S. "A"	50	Thorn EMI	38	Charter Cons.	20
Guardian	35	Trust Houses	13	Cons. Gold	48
G.K.N.	15	Turner & Newall	4	Lonrho	8
Hawker Sidd	30	Unilever	65	Rio T. Zinc	42

"Recent Issues" and "Rights" Page 16

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Oil holds the stage

BY COLIN MILLHAM

Oil remained at the centre of attention in the foreign exchange market last week. U.S. markets were closed on Monday for Washington's birthday, and this may have put increased pressure on sterling as traders tended to buy the Japanese yen and D-mark following the news from Nigeria of an oil price cut of $5.50 a barrel, to compete with the North Sea cut of $3 on the previous Friday. Rumours then began to circulate about cuts of up to $7 in the Saudi Arabian benchmark price, while the market became more confused about the probable impact of these lower prices.

As the week ended nothing had been decided by Opec however, although there were signs of growing co-operation between producers in the Middle East, Latin America, and Europe to prevent a price war.

The exchanges finished on a quiet note, awaiting the outcome of this week's Opec meeting, and paid very little attention to some good trade figures from West Germany on Friday, and equally bad figures from the UK on Thursday.

On Tuesday sterling's trade-weighted index fell to 79.7, the lowest since June 1978, but it improved to 80.4 on Friday, compared with 80.7 at the end of the previous week. Wednesday morning the pound touched an all time trading low of $1.5120 against the dollar, but this was more a sign of the dollar's strength rather than any extreme weakness of sterling, since the pound was staying firm against Continentals at the time. The demand for the U.S. currency reflected the growing confusion in the market about the economic consequences of lower oil.

Even the D-mark and yen failed to benefit despite Germany's and Japan's large imports of energy. The German election tended to restrict trading in the D-mark, while the yen may have suffered from fears that lower oil revenues would reduce Middle Eastern investment in Japan. But the main confusion was about the effects of lower prices on the economies of the U.S. and poorer oil producing countries. One argument suggested that the oil situation would speed up the growth in U.S. economic activity, while the other pointed to fears that lower oil prices would increase the debt problems of heavily borrowed producers such as Mexico, exaggerating the world banking crisis.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 25	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9704	45.0533	+0.18	+1.65	±1.5501
Danish Krone ..	8.23400	8.13515	−1.20	+0.27	±1.6430
German D-Mark	2.33379	2.28626	−2.04	−0.57	±1.0888
French Franc ...	6.61387	6.48256	−1.98	−0.52	±1.3940
Dutch Guilder ...	2.57971	2.52715	−2.04	−0.57	±1.5004
Irish Punt.........	0.691011	0.689384	−0.24	+1.23	±1.6691
Italian Lira	1350.27	1320.36	−2.22	−1.33	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Feb. 25	£	$		£ Note Rates
Argentina Peso...	91,387-91,367	59,640-59,600	Austria..	25.80-26.10
Australia Dollar..	1.5865-1.5885	1.0400-1.0410	Belgium	75.50-76.50
Brazil Cruzeiro...	580.53-584.53	379.54-381.44	Denmark	13.07-13.20
Finland Markka..	8.8040-8.2270	5.3760-5.5780	France	10.41-10.51
Greek Drachma..	125.514-128.894	83.20-83.40	Germany	3.87-3.71
Hong Kong Dollar	10.096-10.105	6.6000-6.6050	Italy	2100-2150
Iran Rial........	188.10*	84.50*	Japan	358-363
Kuwait Dinar KD	0.445-0.440	0.29135-0.29145	Netherlands	4.06-4.10
Luxembourg Fr..	78.60-78.70	47.52-47.54	Norway	10.84-10.94
Malaysia Dollar..	3.4650-3.4740	2.2670-2.2690	Portugal	138-150
New Zealand Dlr.	8.1000-8.1275	1.3900-1.3015	Spain	190¼-205½
Saudi Arab. Riyal	5.2585-5.8680	3.4395-3.4410	Sweden	11.28-11.38
Singapore Dollar	3.1050-5.1640	8.0640-2.0060	Switzerland	6.00-6.12
Sth. African Rand	1.6470-1.6480	1.0780-1.0785	United States	1.51½-1.53½
U.A.E. Dirham....	6.6140-5.0300	3.0720-3.0740	Yugoslavia	120-137

*Selling rates

THE POUND SPOT AND FORWARD

Feb 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.5235-1.5325	1.5275-1.5285	0.37-0.32c pm	2.71	0.92-0.87 pm	2.34
Canada	1.8720-1.8826	1.8760-1.8770	0.30-0.20c pm	1.60	0.86-0.75 pm	1.70
Nethlnd.	4.06½-4.09½	4.07-4.08	2⅞-2⅝c pm	7.73	7-6½ pm	6.62
Belgium	72.45-72.85	72.60-72.70	5-15c dis	−1.65	42-52 dis	−2.59
Denmark	13.09½-13.13½	13.10-13.11	6½-7½ore dis	−6.18	10⅛-20 dis	−5.89
Ireland	1.1090-1.1190	1.1110-1.1130	0.28-0.41p dis	−3.72	0.78-0.99dis	−3.18
W. Ger.	3.67½-3.70	3.68½-3.69½	2⅛-1¾pf pm	8.50	5¾-5¼ pm	5.96
Portugal	140.00-143.00	140.50-142.50	500-1270c dis	−75.05	755-2290dis	−43.04
Spain	198.80-199.80	199.00-199.30	140-210c dis	−10.54	455-545dis	−10.04
Italy	2,127-2,136	2,132-2,134	14½-18½ lire dis	−0.28	54-98 dis	−10.69
Norway	10.85-10.90	10.85½-10.86½	1¼-2¼ore dis	−2.00	6½-7¼ dis	−2.53
France	10.42½-10.47½	10.45½-10.46½	8½-10½c dis	−10.90	29-31 dis	−11.47
Sweden	11.30½-11.35½	11.31½-11.32½	½ore pm-¼ dis	0.13	¾ pm-⅛ dis	0.11
Japan	357-360	358½-359½	1.60-1.40y pm	5.01	4.20-4.00 pm	4.67
Austria	25.85-25.95	25.87-25.92	13½-11½gro pm	6.79	37⅞-32¼ pm	5.41
Switz.	3.09-3.11½	3.09½-3.10½	2⅞-2⅝c pm	8.19	6⅝-6⅛ pm	8.22

Belgian rate is for convertible francs. Financial franc 76.00-76.10. Six-month forward dollar 1.55-1.50c pm, 12-month 1.93-1.80c pm.

EXCHANGE CROSS RATES

Feb. 25	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.528	3.690	359.0	10.46	3.100	4.075	2133.	1.877	72.65
U.S. Dollar	0.654	1.	2.415	234.9	6.846	2.029	2.667	1396.	1.228	47.55
Deutschemark	0.271	0.414	1.	97.20	2.835	0.840	1.104	078.0	0.509	10.60
Japanese Yen 1,000	2.786	4.250	10.28	1000.	28.14	8.635	11.55	0942.	5.227	202.4
French Franc 10	0.956	1.461	3.528	343.2	10.	2.964	3.896	2039.	1.794	69.46
Swiss Franc	0.323	0.493	1.190	115.8	3.374	1.	1.315	688.1	0.605	23.44
Dutch Guilder	0.245	0.375	0.906	88.10	2.567	0.761	1.	523.4	0.460	17.85
Italian Lira 1,000	0.468	0.716	1.730	168.3	4.004	1.453	1.810	1000.	0.880	34.06
Canadian Dollar	0.533	0.814	1.966	191.5	5.574	1.653	2.172	1157.	1.	38.72
Belgian Franc 100	1.376	2.103	5.079	494.2	14.40	4.267	5.009	2956.	2.583	100.

FORWARD RATES AGAINST STERLING

	Spot	1 month	3 month	6 month	12 month
Dollar	1.5280	1.5246	1.5191	1.5128	1.5093
D-Mark	3.6900	3.6830	3.6350	3.5903	3.5183
French Franc	10.4600	10.5550	10.7800	10.9731	11.2046
Swiss Franc	3.1000	3.0763	3.0363	2.9839	2.9006
Japanese Yen	359.0	357.5	354.6	351.0	345.6

BANK OF ENGLAND TREASURY BILL TENDER

[illegible]

CURRENCY MOVEMENTS

[illegible]

CURRENCY RATES

[illegible]

THE DOLLAR SPOT AND FORWARD

[illegible]

FINANCIAL FUTURES

LONDON

[illegible]

CHICAGO

[illegible]

WEEKLY CHANGE IN WORLD INTEREST RATES

[illegible]

MONEY MARKETS

Improving confidence

Friday's cut in U.S. interest rates were good news for the financial markets after a rather unsettled week. The London money market was very nervous in the early part, with interest rates moving higher on concern about the decline of sterling on the foreign exchanges, but London rates then eased in calmer conditions as the pound stabilised, albeit at very low levels.

Much of the day-to-day problem on Monday involved the unwinding of a gilt-edged repurchase agreement, designed to help the market through the early year tax paying season.

There were some particularly large money flows on that day, with the unwinding of gilt and bill repurchase agreements absorbing well over £1bn.

The day-to-day credit position improved considerably on Tuesday, but nervousness continued about sterling, although this was not translated into any very sharp upturn in interest rates. Three-month interbank money touched a peak of about 11⅝ per cent, but finished the week at 11 13/32 per cent, compared with 11 9/32 on the previous Friday.

Despite fears about sterling, there was little indication that clearing bank base rates would move up again and by Wednesday afternoon any pressure on rates had subsided. Another temporary gilt repurchase facility of £750m was announced on Tuesday for two weeks from March 2. This will assist the market through the payment of some £1.75bn in Petroleum Revenue Tax due tomorrow and Wednesday.

March 17 will be a big day for the market, when the unwinding of the gilt repurchase agreement will be set against money coming into the banking system from the maturity of 12 per cent Treasury Stock 1983. But by this time the tax paying season will be over and the contents of the Budget known.

The coming month will remain very short, as far as the money market is concerned, because of unwinding repurchase agreements and maturing bills held by the authorities. But this is purely a technical situation, and should not lead to any strong upward pressure on short term rates on its own. At the moment market confidence is encouragingly high given the nervousness on the exchanges.

LONDON MONEY RATES

Feb. 25 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight......	—	8-12	—	—	—	11¼-11⅜	10¾-11⅛	—	—	—
2 days notice ..	—	—	11¼-11⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	11⅜	—	—	—	—
7 days notice ..	—	11⅜-11½	11¼-11⅜	—	—	11⅛-11⅜	11	—	—	—
One month	11⅞-11 [illegible]	11⅜-11⅛	11⅜	12⅛-11¾	11⅜	11½-11¾	11	11-11½	11 [illegible]	11 [illegible]
Two months	11⅝-11¼	11 [illegible]	11¼	12-11⅝	11⅜	11⅛-11¾	11	11 [illegible]	11	11⅝
Three months ..	11¼-11⅛	11¼-11 [illegible]	11¼	11⅞-11⅛	11⅛	—	10¾-10⅞	10⅞	10¾-11	11 [illegible]
Six months	10 [illegible]	11 [illegible]	11⅛	11¼-10⅞	11⅜	—	—	—	10 [illegible]	11 [illegible]
Nine months	10 [illegible]	11 [illegible]-11¼	—	11⅛-10¾	11	—	—	—	—	—
One year	10¾-10⅝	10⅞-11 [illegible]	11	11-10⅝	10⅞	—	—	—	—	—
Two years	—	—	11¼	—	—	—	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period January 5 to February 1 1983 (inclusive) 11.327 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 11¾ per cent; four years 11⅞ per cent; five years 11½ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rate for four month bank bills 10[illegible] per cent; four month trade bills 11[illegible] per cent.

Approximate selling rate for one month Treasury bills 10[illegible]-11 per cent; two months 10[illegible] per cent and three months 10¾ per cent. Approximate selling rate for one month bank bills 11 1-64th per cent; two months 10[illegible] per cent and three months 10⅞ per cent; trade bills 11[illegible] per cent; two months 11¾ per cent and three months 11[illegible] per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 11 per cent from February 1 1983. London and Scottish Clearing Bank Rates for lending 11 per cent. London Deposit Rates for sums at seven days' notice 8 per cent.

Treasury Bills: Average tender rate of discount 10.8439 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 11½ per cent; one-three month 11½ per cent; three-six month 11¼ per cent; six-12 month 11¼ per cent. Under £100,000 11 per cent from February 23. Deposits held under Series 3-5 11¼ per cent. The rate for all deposits withdrawn for cash 8½ per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

[illegible]

MONEY RATES

NEW YORK

Prime rate	10½-11
Fed funds (lunch-time)...	8¼-8⅜
Treasury bills (13-week)	7.78
Treasury bills (26-week)	7.85

NETHERLANDS

Discount rate	4½
Overnight rate	4⅞-5⅛
One month	4⅜-4⅝
Three months	4⅜-4⅝
Six months	4⅜-4⅝

GERMANY

[illegible]

$ CERTIFICATES OF DEPOSIT

[illegible]

FRANCE

[illegible]

LONG TERM EURO $

[illegible]

SDR LINKED DEPOSITS

[illegible]

JAPAN

[illegible]

SWITZERLAND

[illegible]

ECU LINKED DEPOSITS

[illegible]

FT LONDON INTERBANK FIXING

[illegible]

BASE LENDING RATES

A.B.N. Bank	11 %
Allied Irish Bank	11 %
Amro Bank	11 %
Henry Ansbacher	11 %
Arbuthnot Latham ...	11 %
Armco Trust Ltd.	11 %
Associates Cap. Corp.	11 %
Banco de Bilbao	11 %
Bank Hapoalim BM ...	11 %
BCCI	11 %
Bank of Ireland	11 %
Bank Leumi (UK) plc	11 %
Bank of Cyprus	11 %
Bank Street Sec. Ltd.	10½%
Banque Belge Ltd. ...	11 %
Banque du Rhone......	12 %
Barclays Bank	11 %
Beneficial Trust Ltd...	12 %
Bremar Holdings Ltd.	13 %
Brit. Bank of Mid. East	11 %
■ Brown Shipley	11 %
Canada Perm't Trust	11½%
Castle Court Trust Ltd.	11½%
Cayzer Ltd.	11 %
Cedar Holdings	11 %
■ Charterhouse Japhet...	11 %
Choulartons	11½%
Citibank Savings ......¶	8 %
Clydesdale Bank	11 %
C. E. Coates	12 %
Comm. Bk. of N. East	11 %
Consolidated Credits ...	11 %
Co-operative Bank ......*	11 %
The Cyprus Popular Bk	11 %
Duncan Lawrie	11 %
E. T. Trust	11 %
Exeter Trust Ltd.	12 %
First Nat. Fin. Corp.	13½%
First Nat. Secs. Ltd.	13 %
Robert Fraser	12 %
Grindlays Bank ....‡	11 %
■ Guinness Mahon	11 %
Gulf G'tee Trust Ltd.	12 %
■ Hambros Bank	11 %
Hargrave Secs. Ltd. ...	11 %
Heritable & Gen. Trust	11 %
■ Hill Samuel ....§	11 %
C. Hoare & Co. ....†	11 %
Hongkong & Shanghai	11 %
Kingsnorth Trust Ltd.	12 %
Knowsley & Co. Ltd....	11½%
Lloyds Bank	11 %
Mallinhall Limited ...	11 %
Edward Manson & Co.	12 %
Midland Bank	11 %
■ Morgan Grenfell	11 %
National Westminster	11 %
Norwich Gen. Tst.	11 %
P. S. Refson & Co....	11 %
Royal Trust Co. Canada	11 %
Roxburghe Guarantee	11½%
Slavenburg's Bank ...	11 %
Standard Chartered ...‖	11 %
Trade Dev. Bank	11 %
Trustee Savings Bank	11 %
TCB	11 %
United Bank of Kuwait	11 %
Volkskas Intl. Ltd. ...	11 %
Westpac Banking Corp.	11 %
Whiteaway Laidlaw ...	11½%
Williams & Glyn's	11 %
Wintrust Secs. Ltd. ...	11 %
Yorkshire Bank	11 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 8%, 1-month 8.25%. Short-term £8,000/12-months 10.6%.
† 7-day deposits on sums of: under £10,000 8%, £10,000 up to £50,000 8½%, £50,000 and over 9½%.
‡ Call deposits £1,000 and over 8%.
‖ 21-day deposits over £1,000 8%.
§ Demand deposits 8%.
¶ Mortgage base rate.

NOTICE OF REDEMPTION

to Holders of

BARCLAYS BANK INTERNATIONAL LIMITED

9¼% Capital Notes 1985

NOTICE IS HEREBY GIVEN, that, in satisfaction of the obligations imposed by Condition 5(a) of the Terms and Conditions applicable to the Notes, the Notes bearing the serial numbers listed below have been drawn in manner approved by the Trustee for redemption on 1st April, 1983 at their principal amount. Each number bears the prefix "N".

322	323	328	333	334	341	344	351	352	353	356	371	372	382	388	393	396	402
409	414	419	420	503	504	510	517	519	523	540	544	646	546	550	555	556	561
564	566	574	577	578	579	580	581	583	586	604	610	811	612	614	615	817	620
621	622	624	628	631	641	643	654	656	660	664	670	679	684	687	688	696	699
702	711	715	722	724	726	727	730	738	741	744	747	748	752	756	768	771	775
777	779	792	804	808	814	823	828	833	843	845	847	852	856	867	865	868	872
874	880	886	887	891	892	896	898	905	911	913	918	927	928	932	933	936	939
953	958	960	963	970	971	973	974	977	985	987	989	992	994	995	1001	1002	1008
1010	1013	1016	1017	1018	1022	1023	1025	1029	1032	1041	1047	1054	1055	1058	1070	1076	1080
1081	1083	1091	1097	1098	1099	1194	1198	1206	1208	1210	1211	1212	1215	1216	1221	1222	1223
1225	1230	1231	1234	1236	1243	1246	1254	1262	1265	1266	1268	1272	1274	1278	1283	1284	1285
1289	1292	1293	1298	1299	1302	1305	1308	1309	1813	1318	1326	1327	1329	1343	1347	1348	1362
1366	1369	1372	1375	1376	1381	1389	1393	1394	1396	1400	1409	1418	1424	1427	1435	1440	1443
1446	1448	1450	1453	1456	1459	1465	1468	1470	1472	1473	1478	1480	1483	1488	1489	1491	1493
1493	1494	1498	1501	1503	1515	1517	1519	1521	1522	1623	1526	1538	1548	1549	1552	1557	1563
1566	1574	1580	1583	1586	1589	1591	1596	1599	1600	1614	1615	1817	1626	1828	1631	1637	1639
1640	1646	1648	1652	1656	1661	1665	1670	1673	1676	1677	1679	1680	1684	1687	1688	1694	1705
1707	1708	1722	1725	1728	1731	1736	1743	1745	1749	1762	1756	1758	1760	1766	1771	1773	1774
1781	1783	1786	1802	1807	1809	1810	1811	1813	1825	1837	1840	1848	1849	1851	1853	1856	1858
1859	1865	1870	1871	1873	1874	1875	1880	1883	1887	1893	1896	1897	1902	1903	1912	1913	1918
1919	1925	1926	1932	1938	1939	1940	1950	1952	1955	1960	1962	1963	1964	1966	1968	1981	1988
1996	1997	1999	2003	2004	2008	2010	2013	2016	2021	2025	2032	2034	2039	2041	2042	2043	2045
2048	2050	2054	2055	2058	2062	2075	2083	2085	2086	2093	2099	2105	2109	2120	2121	2124	2128
2130	2138	2139	2140	2141	2142	2143	2144	2148	2152	2157	2160	2168	2169	2172	2173	2174	2187
2190	2192	2193	2197	2199	2200	2219	2328	2227	2228	2237	2238	2241	2243	2245	2248	2249	2265
2266	2273	2277	2278	2279	2283	2288	2293	2294	2302	2319	2320	2324	2325	2336	2337	2340	2342
2345	2349	2356	2382	2384	2397	2401	2408	2414	2416	2426	2430	2446	2452	2455	2461	2466	2473
2474	2476	2497	2503	2508	2510	2513	2515	2520	2521	2526	2531	2538	2541	2547	2549	2551	2557
2566	2571	2572	2574	2593	2595	2597	2599	2601	2606	2613	2614	2815	2620	2626	2630	2633	2634
2635	2636	2637	2646	2552	2654	2656	2857	2664	2669	2670	2675	2681	2683	2685	2688	2692	2696
2701	2702	2703	2708	2714	2715	2723	2724	2727	2732	2737	2738	2741	2742	2743	2744	2759	2762
2769	2772	2774	2783	2785	2788	2792	2793	2794	2799	2817	2820	2823	2827	2830	2834	2836	2844
2846	2850	2852	2858	2860	2863	2867	2868	2870	2880	2882	2883	2887	2894	2890	2909	2910	2911
2913	2915	2926	2929	2931	2935	2947	2956	2963	2969	2971	2976	2977	2985	2990	2994	2998	3000
3005	3006	3012	3013	3016	3017	3020	3031	3032	3033	3035	3042	3043	3048	3050	3052	3058	3061
3065	3074	3077	3079	3088	3091	3093	3106	3108	3113	3114	3116	3124	3128	3131	3132	3133	3137
3139	3144	3149	3150	3151	3154	3168	3171	3176	3181	3185	3186	3189	3190	3191	3200	3206	3220
3228	3229	3238	3239	3240	3241	3246	3257	3262	3268	3270	3275	3283	3287	3288	3290	3293	3295
3313	3325	3327	3328	3333	3335	3539	3347	3349	3350	3351	3364	3366	3371	3372	3379	3381	3383
3383	3384	3391	3393	3394	3397	3398	3403	3404	3406	3410	3411	3413	3417	3418	3419	3420	3422
3425	3426	3433	3439	3441	3447	3451	3453	3458	3462	3465	3467	3474	3478	3480	3489	3492	3494
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3661	3663	3669	3670	3671	3672	3680	3707	3709	3712	3713	3718	3720	3723	3724	3726	3727	3734
3736	3747	3749	3750	3752	3760	3766	3767	3771	3773	3776	3781	3783	3784	3789	3791	3801	3804
3814	3821	3827	3829	3832	3839	3842	3843	3849	3851	3858	3859	3861	3866	3875	3876	3885	3890
3897	3899	3911	3913	3916	3917	3928	3930	3937	3938	3946	3948	3949	3950	3955	3956	3961	3964
3975	3976	3977	3988	3995	4000	4002	4003	4007	4009	4017	4019	4022	4025	4032	4035	4037	4041
4055	4056	4059	4065	4069	4081	4083	4084	4089	4090	4092	4094	4096	4097	4112	4115	4120	4127
4129	4132	4134	4135	4144	4147	4153	4155	4158	4161	4167	4173	4174	4178	4179	4180	4181	4185
4189	4203	4207	4209	4212	4217	4220	4225	4227	4231	4233	4236	4239	4246	4247	4251	4253	4254
4257	4268	4269	4272	4275	4277	4290	4283	4294	4299	4302	4304	4307	4309	4310	4311	4312	4317
4318	4319	4321	4323	4329	4332	4342	4344	4346	4350	4352	4355	4361	4368	4372	4376	4378	4380
4390	4395	4397	4402	4405	4408	4410	4411	4422	4434	4439	4444	4451	4454	4459	4461	4463	4464
4466	4469	4472	4480	4483	4485	4486	4487	4490	4499	4500	4504	4505	4508	4513	4515	4517	4520
4522	4525	4529	4540	4541	4542	4543	4546	4547	4548	4553	4555	4557	4562	4565	4566	4568	4572
4573	4577	4578	4580	4582	4583	4588	4593	4595	4600	4601	4604	4606	4609	4611	4615	4620	4626
4629	4636	4641	4644	4653	4672	4674	4675	4685	4692	4699	4701	4702	4706	4707	4717	4719	4720
4723	4724	4725	4736	4751	4752	4754	4761	4769	4779	4784	4787	4788	4792	4793	4801	4802	4803
4808	4809	4812	4821	4822	4827	4829	4830	4832	4834	4835	4836	4841	4846	4872	4878	4886	4887
4888	4895	4897	4899	4905	4908	4913	4918	4926	4927	4928	4930	4933	4939	4942	4952	4954	4957
4959	4963	4966	4967	4971	4974	4988	4990	4992	4993	5000							

Notes not listed above are not affected by this redemption.

Notes drawn for redemption will become due and payable on 1st April, 1983.

Payment of the Notes drawn will be made upon presentation and surrender of such Notes with Coupon No. 8 and subsequent coupons attached at the office of one of the Paying Agents or at the holders' option at Barclays Bank PLC, Securities Services Department, 54 Lombard Street, London E.C.3. Coupon No. 7 (due 1st April, 1983) should be detached and encashed in the usual manner.

Interest on the Notes drawn will cease on and after 1st April, 1983.

BARCLAYS BANK INTERNATIONAL LIMITED

February, 1983

Authorised Units—continued

[illegible]

Insurances—continued

[illegible]

Offshore and Overseas—continued

[illegible]

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JAPAN-EC SYMPOSIUM

TOWARDS FURTHER DEVELOPMENT OF JAPAN-EC ECONOMIC RELATIONS

— PROSPECTS OF INDUSTRIAL COOPERATION —

About 350 representatives from Governments and leading business sectors in Europe and Japan met in Brussels on January 20th and 21st to hold the second Japan-EC Symposium.

The meeting, co-sponsored by the Commission of the European Community, the Japanese Ministry of International Trade and Industry and the Japan-EC Symposium Committee, followed the first such symposium held 14 months ago in November 1981. At that time, business and government representatives of both Japan and Europe met together in Tokyo for the first time to narrow their differences and reach better mutual understanding.

At this year's symposium, representatives of both sides agreed that, given the worsening economic climate and the rise of protectionist tendencies in European markets, they should both promote industrial cooperation and work together to help revitalize the world economy.

During the two-day symposium, panelists and speakers actively exchanged views on investment, world economy, technological exchange, and research and development activities.

At the opening session of the symposium, Japanese Prime Minister Yasuhiro Nakasone, who was unable to attend the seminar, sent a message to express his full support for the efforts to promote mutual understanding and cooperation between Japan and Europe. Gaston Thorn, the EC Commission President, and the Japanese Ambassador to the EC, Hideo Kagami, also addressed the meeting.

The entire symposium was co-chaired by Leslie Fielding, Director-General for External Relations of the EC Commission, Fernand Braun, Director-General for Internal Market and Industrial Affairs of the EC Commission, and by Kunio Komatsu, Vice Minister of MITI. The panel discussions were coordinated by Edmund Wellenstein, Special Counsellor to the EC Commission, and Naohiro Amaya, Special Advisor to MITI.

The following are summaries of speeches given at the meetings.

From left to right, Mr. Masafumi Misu, Advisor to the Board, Hitachi Ltd.; Mr. Karl Rudolf Stahl, Member of the Board of Management, Robert Bosch GmbH; Mr. Naohiro Amaya, Special Advisor to the Ministry of International Trade and Industry; Mr. Edmond Peter Wellenstein, Special Counsellor to the EC Commission; Mr. Hideo Sugiura, Chairman of Honda Motor Co., Ltd.; Mr. Ludwig Poullain, Advisor to Grundig GmbH; Mr. Kunio Komatsu, Vice-Minister for International Affairs, Ministry of International Trade and Industry; and Mr. Leslie Fielding, Director-General for External Relations of the EC Commission.

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ECONOMIC POLICY IN JAPAN AND IN THE EUROPEAN COMMUNITY AND THE WORLD ECONOMY

Mr. S. Yamanaka

Minister
International Trade and Industry

It is clear for anyone that we cannot hope for Free World security unless we also have stability and prosperity in Japan and the EC. What is more, there is great potential between Japan and the EC for cooperative relations which would rebound to both our benefit. I am very hopeful that this two-day symposium will resutt in the rediscovery of this indispensible cooperative relationship.

Looking out on the world economy, we have yet to see any sure signs of recovery from the global recession sparked by the second oil crisis. Mining and manufacturing production is down in all countries, and all of us share heightening concern for the growing unemployment which strikes our people. It is the worse situation since the 1930's.

In Japan, manufacturing production has been stop and go for the last year. The growth rate is down precipitously from what it was during our years of rapid growth. Nor does Japan enjoy tbe growth lead that it once had over ibe other industrialized countries. Whereas the United States forecast annual growth of approximately 2% per annum, the Japanese outlook for the fiscal year starting this April is only about 3.4%. Even if we wanted to undertake stimulative policies, our options are sharply limited. Rather, we are, like the European countries, faced with the question of looking at automobile and electronics industries, for example. Both domestic sales and exports have slipped since last year. There is also serious recession plaguing the basic material industries such as petrochemicals and aluminium smelting; these basic material industries account for 1/3 by value of all Japanese industrial shipments.

Soring energy prices fueled by the two major oil crises have thrown us all — Japan, Europe and the United States — face to face with the need for worldwide industrial restructuring. Yet in searching for a common ground for us — three main economic powers together accounting for approximately 60% of the global GNP — we must not let that common ground be one of animosity and confrontation. Rather, we must recognise that we have a responsibility to find our common grounds in the ideals of cooperation and solidarity.

Since its establishment in November last, the Nakasone government in Japan has worked hard and exercised forceful leadership to contriubute to international efforts to overcome these difficult times.

In the fiscal 1983 budget drawn up late last year, the Japanese government made a move to drastically trim excess spending and cut back on our budgetary deficit. Even so the government made an exception of its outlays for supplying aid to developing countries, aod we are determined to expand and improve our contributions for their stability.

In our trade relations, starting April Japan will unilaterally reduce its tariffs on 323 items including chocolates, biscuits, agricultural tractors and tobacco. Along with simplifying and improving import inspection procedures and strengthening the Office of Trade Ombudsman, we are reviewing the entire range of import-inspection and standard-setting procedures, and we are prepared to amend the laws when those laws are found wanting. We have also exercised considerable restraint to avoid exports in torrential manner in specific product categories — although there is a limit to what we can do in our free-market economy.

As far as industrial cooperation there was little Japanese investment in the EC in the 1960's except for such areas as zippers and stationery supplies. In the 1970's, this grew to include bearing production, colour television production, chemicals and synthetic fabrics. In the 1980's Nissan and Honda have begun production in Europe. Other companies — specifically Japan Victor Co., Sony, Matsushita, Hitachi and Sanyo are apparently getting ready to start VTR production here as well. In robotics, Fanuc teamed up with the 600 Group in the U.K. to begin production of industrial robots. In France, Toray and Elf Aquitaine have formed a joint venture to go into carbon fibres. Fujitsu, Toshiba and other companies are also getting ready to start European production of integrated circuits (IC's). The number of investments has increased from 12 in the '60's to 68 in the '70's, and in just the first three years of the 1980's we have had 40 investments made or decided upon already. This has led to contributing to the creation of approximately 26,000 jobs for the Community.

There has also been striking growth in the field of technical cooperation. A number of major agreements have been reached in the last few months in such industries as industrial robotics, petrochemicals and telecommunications equipment. I can note here the agreements between Hitachi and GEC, between ICI and Mitsui Petrochemical, between Hitachi and Thomson and between Fujitsu and Siemens.

Still, the cross-investment between Japan and the EC lags behind those between the EC and the United States. We need to do more in this area, and we will.

I would like to make three proposals for advancing industrial cooperation between Japan and the EC.

First, that there be a forum for regular consultations between MITI and the EC Commission so that we can share our thinking on how best to promote industrial cooperation.

Second, that our governments should do more to create a climate conducive to such industrial cooperation. For example, the Japanese government has already decided to extend financial support to such cooperation beginning fiscal 1983.

Third, that we enhance personal contacts as a means of promoting industrial cooperation. As evidence of my own good faith, I promise you here that we will invite approximately 30 teading Europeans to Japan in t983 in an effort to promote improved mutual understanding.

As the Orientat maxim goes "One hand does not clap", it means that nothing can be accomplished without mutual cooperation. It is essential that Japan and the EC work together to mobilise our great economies for our mutual good and for the good of the entire world economy.

Viscount E. Davignon

Vice-President
Commission of the European Communities

The first question I would like to raise at this symposium is whether we really wish to conceive relations between the European Community and Japan as relations between the Community and Japan or between Japan and the member states of the community, but not the Community itself.

Up to the first half of t982 the thinkiog was that bilateral relations predominated the relations between the member states of the Community and Japan. The development of a structured relationship between the community and Japan barely got off to a clearcut start in the second half of 1982 and the beginning of 1983. I think the meeting with the ambassadors of the Community in Tokyo early in January demonstrated that you were prepared to deal with an entity in the same way as we have had this relationship between this bloc for a long time with the U.S. This is important because we want to know what guarantee we get from the agreemeots between Japan and the Community. Is it just a communique rather like the parsley on the steak or is it really part and parcel of what's on the menu? The second question is cooperation. Everyone here seems to recognize that cooperation is good provided that it is genuine. It's not because we've got social or economic problems that you're going to cooperate. Cooperation is not a substitute to help get over your problems. Unless both parties see their interest in cooperation, there cannot be a durable cooperation.

Secondly, cooperation has to be a two-way street. It has to be beneficial to everyone. We are not just talking about Japanese investment in the community, but also about the Community's investment in Japan. The basic condition is that Japanese investors in Europe are dealing with a certain legal and banking and institutional set-up, and their situation has to be on an equal footing with those faced by European institutional investment in Japan. If you don't have similar conditions prevailing, then you're going to have all sorts of difficulties in investment as we have already seen in trade. Why do we want to have an open and protectionist-free society? Because you know fully well you can't have genuine competition if you can't bring your trade to that person's country in the same way he brings to yours. If you can't have trade on equal terms, then you're going to have disputes and squabbles. In the European Community, we have wetcomed investments where they have contributed to the economic life of the Community.

We are all victims of fixed idea set ideas. You amusingly spoke of the Japanese as they are seen as fanatical workers. Well that is true that caricatures of that kind are rife in Europe. It is true, too, that a similar caricature exists in Japan vis-à-vis Europe, which is the mirror image. There are in Europe people who don't want to work, people who sit on their bottoms and want holidays, they have social security because they can't invent anything else and because they have to protect their position. These caricatures are just as ridiculous as the others. Today in Europe Governments and industrialists alike are trying to work out their strategies for both Industrial and economic growth. Europe's future potential and growth depend on this. And it's in everyone's interest to help this enterprise along. If we haven't got the strength as a Community, then everything will be gone. But we have that determination to survive. We therefore ask for what we call commercial moderation, a moderation that we practiced when Europe was in full expansion and when other countries had their difficulties. It's one of our elements of interdependence. It is in this context that we must regard the efforts that are being made in order to balance our trade and other efforts to resist the pressure that bear upon us. The European Commission are absolutely sure that protectionism can for us be a definite source of destruction, more so for us than for Japan. Once protectionism gains the upper hand, it won't only be the European entity that will be threatened, it is the very existence of that entity.

The community will cease to exist once it becomes protectionist, it will break apart from the inside.

What I've said just there is not a contradiction. It does not contradict the efforts that we are making to find moderation, commercial caution, so that we can continue our economic activities.

Now there are a whole series of areas where cooperation between the Community and Japan has not developed enough yet. The main reason is that we have not made enough effort to develop cooperation. Why hasn't our scientific and technical cooperation developed more than it has? Why haven't Japan and Europe, both relatively badly endowed with energy, got together for a large-scale energy cooperation? This is an area which we should explore because this would create relations and a framework and a structure which would be of interest to both parties.

If I were to take stock of the work that has been achieved over the last 14 months, I would say that cooperation between Japan and the Community is still something which we talk about in the future tense and not enough in the present tense. Mr. Nakasone has said he wants the government to be a government of action, let's try and make sure that Japan and the Community as entities that take action rather than entities that indulge in mutual recrimination.

We will be able to provide the background for you to go ahead with cooperation on a mutually rewarding basis. Obviously if you don't have identical interests then this is not going to work. We have to be sure that we have these identical terms so that we can promote such cooperation.

Minister of International Trade and Industry, Mr. Sadanori Yamanaka (centre) talking with Viscount Etienne Davignon, Vice-President of the EC Commission. From ieft to right, Mr. Kunio Komatsu, Vice-Minister for International Affairs, Ministry of International Trade and Industry and Mr. Leslie Fielding, Director-General for Extamal Relations of the EC Commission.

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JAPANESE INVESTMENTS IN EUROPE AND EUROPEAN INVESTMENTS IN JAPAN

Mr. M. Misu

Advisor to the Board
Hitachi, Ltd.

Let me first review briefly the present situation of direct investment between Europe and Japan. On the electrical and electronics industry where our company is engaged, the manufacturing investmeot from Japan to EC totals 26 cases. Consumer electronics occupies 16 cases and electronic components 5 cases, whereas the investment from Europe to Japan in the corresponding field is only 9 cases. Hitachi, Ltd., has a wide network in Europe: we have European sales headquarters in London with many other sales companies almost in every European couotry, each covering certain product areas. As for manufacturing operations, we have two wholly-owned-subsidiaries in Federal Republic of Germany, one for production of semiconductors and the other for video tape recorders. We also have one joint veoture with GEC for production of colour television receivers in the U.K. These products are sold through Hitachi's European sales subsidiary companies and in the case of colour television receivers, they are sold both through GEC's sales company and Hitachi's own sales company. In each manufacturing company, we have around 5 Japanese key members of staff but the other management positions are designated to local people and we are successfully combining the skill and knowledge of these European and Japanese staff for the same target. Also in Japan, we have a case of joint venture company for a manufacture of boilers and anti-pollution equipment with Babcock International Ltd. of the U.K. This joint venture company has a successful history of 29 years.

Through these experiences, I strongly feel that a direct investment calla for a total transfer of corporate resources such as money, management and techoology. It has a long lasting impact on the economic as well as cultural relationship between EC and Japan through the bumao integration into local community.

I think the major secret for the success of Japanese companies lies in its traditional cultural environment. For example, I feel that the relationship between a trade union and a company ia very different in Japan from those in Europe. Trade union leaderstip in Europe *is outside* a company, and these union leaders seem to think less of the company's prosperity compared with their Japanese counterparts. Japanese companies also cooperate more closely with parts suppliers for improvement of component parts being procured. Japanese management does not have to be sensitive to a trend of profit every quarter of a year like European or some American management aince our management is evaluated on a long term basis. As its result, Japanese management traditionally can give much more consideration to employees than to shareholders. For Japanese managers, creation and maintenance of pleasant and harmonious work environment is very important concern and transfer of responsibility to younger generation is very much encouraged, because building up of managerial resources through intra-company education process guarantees a continuity and internal growth of a company.

For this reason, we could say that success of overseas direct iovestment heavily depends upon how much and how well we could transfer the auccessful aspects of Japanese companies into foreign environment beyond high cultural barriers existing between Europe and Japan. I think we need time to realize this and therefore we have to take a long term view in order to judge a success or failure of direct investment.

We have noted that companies such as TI and Fairchild are actively establishing semiconductor plants In Japan. Recently, the average English proficiency level of Japanese, people has considerably improved. So, I believe a language barrier is no longer a significant obstacle for the investment of European companies in Japan, and we welcome arrivals of respectable competitors to Japan.

We were once told by the representative of a certain European development agency that the reason they were keenly inviting investmeot from Japan was that Japanese companies tend to consider direct investment on a more long-term basis than European or American counterparts. They see Japanese companies putting on the continuity of established companies and the atability of operations including employment. I agree with this observation.

However, Japanese companies could be discouraged from investing overseas if a host country government takes a short-term view to solve or alleviate its domestic difficulties such as trade imbalance or unemployment. It might impose conditions such as mioimum export target, while it might disregard profit; or location at highly unemployed area, while it might not be a suitatile locatioo oo a long term basis; or guaraotee to employ a certain number of people, while it might impair efforts to automation and efficiency improvement; or use of locally made components at certain level, while it might also not necessarily guarantee the best price, quality and delivery conditions. These conditions could very often become vital obstacles against positive investment attitude of Japanese companies into Europe.

I do not favour using direct investment as a countermeasure for ahort-term economic problems. What Japanese companies expect from a host country government is an understaoding of this mentality in Japanese companies and preparation of boundary conditions, such as education, labour relationship, infrastructure as well as stable economic conditions. These conditions will promise a long-term success and cootinuity of operation of Japanese companies in Europe. We would of course appreciate the generous grant of incentives being offered by several governments in Europe when we invest into the special areas calling for regional development. However, such a grant of incentives ahould not be a "compensation" to offset the lack of necessary boundary conditions for a successful long-term investment. It is against the mentality and practice of Japanese companies to withdraw from once-established investment site immediately after it receives a handsome investment grant.

So far I have spoken of the general philosophy of direct investment between Europe and Japan. As I conclude this speech, I would like to stress that the most important prerequisite for the success of ioter-territorial investment activities is communications. Unless we could establish very good communication at each level of operation, we can not expect a genuine team work of the people to aim at the same target. For this purpose, we have to learn not only the local language but also the customes and the values of the local people with whom we work. I am sure you will share my view that nothing gives you more pleasure than finding genuine friends in our life. And these Inter-territorial activities will promise you not only economic success but also finding friends in a wider international society.

Mr. R. Stahl

Member, Executive Board of Management
Robert Bosch GmbH

When I speak of investment, please allow me to use the term loosely, not only confined to capital investment but in a wider sense to all types of investment and cooperations in Japao.

Based on our very practical experiences which date back to before the second World War, I would like to discuss the following subjects — one; license agreement, two; joiot ventures, three; acquisition of Japanese firms, and four; the starting up of a new manufacturing company in Japan.

I'll start with patent knowhow licenses to an investment which is mainly in developing countries which have closed their borders to develop their own industry.

Contrary to our own country, Japan has unfortunately followed such a policy until the end of the 60's. All of our major license agreements fall into this period or into an even earlier phase. They have made it possible for our products to be manufactured in Japan. In addition, we have been able to build a rather sizeable equity tiolding, and we have also been able to mutually extend license talks into a wider ranging regular technical exchange that are invaluable to both sides today.

Nevertheless, those license agreements have effectively eliminated the possibility to participate actively in the Japanese market with the licensed products. We are an industrial producer and we are interested in extending our product base in both quality and even quantity. We are suppliers of hardware, not software. And therefore the licenses are at a low priority of the company's strategy.

In order to get a foothold with our own products, we tried to get into mutual supply arrangements with companies from which we purchase products in substantial quantities. While quality, price, product acceptance were all positive, we still failed because the do-it-yourself policy which was instilled in the Japanese industry at an earlier phase waa still very much alive.

Apart from the often discussed non-tariff barriers, there are even more barriers in the form of product regulations. In the case of electric appliances and apparatuses, these regulations make adaptations necessary which lead in the end to higher cost products and therefore to reduced competitiveness.

The next form of investment I waot to discuss is joint venture with Japanese partners on a 50-50 basis. The knowhow usually comes from the foreign partner, production takes place in an existing facility of the Japanese partners, and product sales is done by the also existing sales organization of the Japanese partner. We are a partner in one of those joint ventures and we are not overjoyed with the result because it operates more or less like a licensed company with a rather high capital participation but with relatively small influence on the overall operation.

The quickest and safest way to invest in Japan and get a aubstantial fonthold appears to be the acquisition of a company *suitable for the particular purpose* in mind. We have made two very sincere attempts at that direction. In both cases, we had for the prospective partners an attractive and well accepted product range, of high technical standard complimentary to that of the partners. They should have certainly been competitive on the market if manufactured locally. Our participation would have meant for the companies significant expansion in size as well as in market share. However, we had to abandon negotiations in both cases because the percentage of shareholding we thought was essential for us as well as the requested necessary participation io management. We felt that the argumeots for the failure were, in our view, not exaclly rational. They were once again the preference to do the same with the help of license agreement, rather than wilh a partner, and a fact that a significant participation still means a sell-out to foreign interest, and is very hard or impossible to defend to the other larger shareholders of sucti particular Japanese companies.

After all the described attempts to invest in Japan and to actively participate In the industrial and commercial life of Japan, we have decided on the only remaining road that is to start a manufacturing company from scratch. We had originally shied away from doing this because of the difficulties that present themselves and the relatively high risk involved. The major problem appeared to be a very specific labour market in Japan where it is difficult for a foreign company to attract personnel in sufficient oumbers and in the necessary quality, where there appears lo be a certain stigma attached to joining a foreign company. We hope to have solved this and other problems, by taking a competent and well respected partner with a one third shareholdiog into the company, who assists us in the management and who will act as a major supplier of parts. Our partner ia Toray Engineering, a subsidiary of Toray Industries. We will learn to walk alowly in this venture, and start with assembling packaging machines from imported parts and local parts. And we will go from there lo a higher degree of integration if it *should become necessary.* The sales organizalion which we have built up together with market for our packaging machines were for many years in our trading company, the Robert Bausch Japan, that haa been transferred to the new company. We are now lookiog forward to the development of a successful investment in Japan.

I can now aummarise, and say that it is very well possitile and interesting for European companies to invest in Japan, but that the strategy to be followed has to be laid down very clearly and alternative routes have to be planned beforehand.

Let me just mention a few points which have lo be included in lo this strategic *plan. Acquisition of a thorough knowledge* of the Japanese distribution system, the formation of motivated team consisling of European and Japanese employees, the introduction of the product into the market in order to creale volume base, a thorough search for a financially strong, compatitile partner and a decision on the form of investment where, from our experience, pure license agreement are at the very low end of the scale. Mixed European-Japanese management selected on the basis of competence rather than senjorily takes highest rank.

To our Japanese friends I would like to add, lhat the often heard criticism — "you are not trying hard enough," Is, in our view, not relevant because we were prevented from entering the market during the very interesting years of rapid growth and are only now allowed to participate when the cake has been cut and the pieces are more or less taken. It is, in our opinion, not enough to eradicate the remainders of the hot house atomosphere. What should follow is a concerted counler-offensive to drive home the point that the road to salvation does not lie in the do-it-yourself but in work sharing. That opening of the market in its broadest sense does not only mean foreign capital participation but also foreign participation In management. I was very happy to hear Mr. Misu express that he strongly feels that not only money, technology but also management should be transferred. If this attitude can be disseminated, we are moving into the right direction as far as European investment in Japan is concerned.

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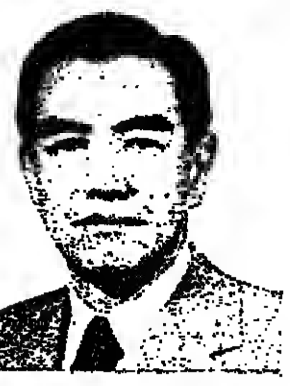
JAPANESE INVESTMENTS IN EUROPE AND EUROPEAN INVESTMENTS IN JAPAN



Mr. H. Sugiura
Chairman
Honda Motor Co., Ltd.

I would like to take the liberty to talk about an actual case of industrial cooperation, based on my personal experience of having participated in corporate dicision-making as an executive of Honda Motor Co.

The stagnation of the world economy has caused some friction between nations. It can be said that the economic and, particularly, trade relations between Japan and EC have become political issues.

On the other hand, never before have we seen closer interdependence among nations than today. I believe that the problems between Japan and EC should not be resolved only by political means; the businessmen of Japan and EC, too, should think of possible solutions on the industrial level and implement them one by one, starting with those which are easiest to carry out.

It is necessary, first of all, to respond aptly to the severe international environment and to the economic environment and industrial policies of each nation.

Such corporate posture, I believe, contributes greatly towards the advancement of international industrial cooperation. From this standpoint, Honda has undertaken vigorous corporate activities, directly investing capital overseas at its own risk. In the early stages, the overseas investments of Japanese manufacturers in advanced countries were made in the field of distribution and service, mainly for the purpose of expanding exports. Most of the Japanese automobile industry's investments in Europe took this form.

In the 1960s, Honda quickly established wholly-owned marketing companies in West Germany, France and the United Kingdom. In 1962, we established in Belgium a moped manufacturing company with direct investment. This was probably the first case in history of a Japanese company setting up a manufacturing base in a country in industrially advanced Europe. For a Japanese company of those days, it was an epoch-making step. This project was troubled in the early years by low plant operation rate due to poor sales. Losses continued year after year and at one time we faced a crisis which made doubtful the continued existence of the project.

The biggest reason which brought about the crisis was lack of understanding of local conditions. The new model which Honda so confidently put on the market did not meet European consumer needs. Because too much of the design and technology that went into the model were uniquely Honda, we had difficulty procuring components locally.

For all these reasons, it took 12 years before Honda Benelux N.V. was able to post its first profit.

It was a painful experience which defies description. However, to this day, we do not think that tbe "tuition" we paid was too high.

At the outset, we thought we were sufficiently aware of the fact that a Japanese company settling down in a Western society and wurking together with Western people needed to understand the differences in social systems, sense of values and work ethics between the Japanese and the local societies. However, we realized time and again through the hard way that our understanding was in fact inadequate in many instances. We learned that true understanding is gained only through long years of hardships and many failures.

In order to achieve the final goal of international universallty of economy by transcending the absolute differences in national culture and mentality, Honda immerses itself in a country or region and accepts its culture and mentality as they are.

As you are well aware, the European automobile industry has for many years maintained a production level of about 10 million units a year. EC's small car market is already fully matured, and it is not easy for the many established automobile makers to expand demand. More than half of the makers have been in the red in recent years and some of them are being helped by their government. The automobile Industry is a broadly based comprehensive industry and has played a very important role in providing employment. In the past three-four years, however, it has produced unemployment. Thus, it cannot be helped that relief for depressed auto makers has become a political problem. With the circumstances of the EC car market being such, if a Japanese auto maker should make a direct investment and build a new factory, the production capacity of the established European manufacturers would be affected and their existence may be threatened. Even if direct investment, from overseas were desirable to EC which is troubled by chronic unemployment, it is doubtful whether it could accept the establishment of Japanese automobile plants in a situation where the car productinn capacity of EC as a whole is in surplus.

Having studied and understood this situation thoroughly, Honda chose to pick a partner for tie-up cooperation and to develop together with that partner.

Let me explain in greater detail the basic thinking and the actual operation of the tie-up cooperation between Honda and BL.

The points which Honda considered as most important were firstly that there be profit and merit fnr both parties and secondly that the two parties retain their respective corporate identities.

This resulted
- first, in technical advance through mutual exchange of technology,
- second, in bolstering the competitiveness of both parties, and
- third, in not causing a bad effect on the balance of international payments.

This pattern of tie-up cooperation was the only way in which damage to the production capacity of both sides could be avoided and Honda's technology and high production efficiency could be shared.

The merit of the tie-up cooperation between Japan's Honda and Britain's BL lies in the fact that a car can be developed in shorter time and at less cost through the joint use of the development capabilities of the two companies and of the two countries. The result is that a product which is desired by the consumer can be supplied at a cheaper price. Moreover, the investment efficiency is much higber than in the case of a single company making an enormous investment by itself. This indicates that the process of mutual development through cooperation is going nn tn a more advanced dimension. We are sure that this is one of the most desirable patterns of Japan-EC industrial cooperation.

In the world which is becoming smaller, technological breakthroughs in these fields should be made through international cooperation and mutual complementation. At the same time, serious consideration should be given to cooperation and division of labour between the public and private sectors.

Another point worth mentioning is the fact that Honda and BL are not giant corporations in the world's automobile industry. The present is no longer an era in wbich a corporation could survive as the strongest just by becoming big. Rather, it is an era wbich requires a corporation to find a tie-up partner which possesses strengths different from its own and to complement each other. This, I think, is the optimum method of Japan-EC industrial cooperation.

Never before in European history has there been such deep interest in and understanding of Japan as there exists today. In interpreting this as the start of an effort to appreciate the differences between Japan and EC, and to make mutual use of these differences rather than to dismiss them as incomprehensible. And this is beginning to bear fruit.

As I have explained, the tie-up cooperation between Honda and BL has not been bound together until now by mutual holding of equity. This is oot a cause of uneasiness about the future because we are mutually investing technology and know-how and we trust each other.

Hnwever, in thinking about the future of this cooperative relationship, we need to take into consideration the moves towards protectionism in Europe. If the moves to place quantitative restrictions nn trade and to adopt measures for restricting imports accelerate rapidly, the free trade system will disintegrate.

The best way tn maintain the identity and put to use the originality of both companies is for each side to use its own distribution network to freely market the car they develop and manufacture through joint effort.

Tbe operative aim of our partnership is to combine the technology and efficient cost system which the two companies achieved through tremendous self-effort in their respective economic spheres of the EC and Japan. The long-term aim is to improve the competitiveness of the products of both companies. As one who has been actively involved in it, I believe that the pattern of our cooperative relationship augurs a bright future for Japan-EC industrial cooperation.

Mr. L. Poullain
Advisor to Grundig GmbH

Approaching the subjects of European investments in Japan and the Japanese investments in Europe, I should dwell for sometime on the present state of relations because mutual investment until now has been of very little significance.

Since autumn 1982, two things have happened. First of all, the Commission of the EC has filed an anti dumping suit which is not an everyday occurence. The Commission examined the matter very carefully and felt the suit was perfectly justifiable.

The second phenomenon is that the Japanese Foreign Minister has done a round trip to the most important countries of Europe to explain to everyone how liberal Japan will be in opening up its market for imports. What the Minister offered is, in our eyes, nothing more than a gesture, a friendly gesture of course, but without the real material content that we would like to see it having.

Now you gentlemen from Japan can control your industry and the distribution organization in your country. And whenever you are looking after your vested interests, you have a closed market. The fact that your government has come out with a declaration of its liberalism is not gning to change that at all. What you are offering us are the narrow sectors of your market where your industry doesn't have many vested interests.

I hope this will be a first hesitant opening up of the market. It could, however, be a red herring attempt to divert attention from the main problem-Japanese exports to the rest of the world. On that particular subject the foreign minister of Japan didn't say anything very clearly. Are we to assume that by means of tbe import offer the Japanese are trying to divert attention from their export business, and therefore everything is going to go on regardless as before. Let's take a few examples of industries in Japan such as the optical industry and camera industry. If you have already killed off sectors in Europe by means of flooding the market, you can then corner the market; you are going to absorb all the purchasing power which Europeans have and also the money which they are going to have to pay to their unemployed people.

But you can rest assured that things will change in the future. If large scale industries in Europe get together, you can be certain that Thomson Brandt, Philips and Grundig will work effectively together, and you will not only find that there is effective resistence but that these companies will be able to go on the offensive to corner other world markets.

There's no doubt in my mind that it can happen. And It can happen because of the pressure from the Far East. You can say, in fact, that Japan is giving a genuine contribution to the integration of Europe-an industry. It's also helping Europe get politically integrated, too. We may still be split on areas such as agriculture and steel, but the pressure from Japan is bringing us together. Perhaps I could dare add a prophesy in my capacity as advisor to Grundig that if Japan were not to moderate its export pressure on Europe, Thomson Brandt and Grundig will set the tone for cooperation even in the other European industry sectors.

I am pleased to be able to say this in Brussels. I believe it will be impossible to deal with a Pan-European strategy from the point of view of a national set of legislatures dealing with monopoly and cartels. Really the relevant yardstick for markets is no longer going to be compartmentalized in national markets. The yardstick will be the Community market as a whole.

Now what we are looking for is reciprocal, mutual investment. But it is not enough to have money for that. We need to have trust and confidence. The trade policy scenario between Japan and the Community gives rise to mistrust rather than confidence. Furthermore I can see obstacles to investment judging from the investments you have already made or are about to make in Germany. You tend to concentrate on installing plants. This way, the actual production of wealth still remains within Japan.

It's not just a question of trade policy, it's also a question of politics. I expect something considerable from the political point of view to emerge from reciprocal investment.

These investments should not just be possible legally and theoretically. They should also be effective. In other words, if European companies take participation in Japanese companies to invest there, they have to have the same room for manoeuvre in Japan as we give your Japanese companies to manouvre in Europe. You cannot have a liberal attitude just in certain areas. Liberality is unconditional, rather like pregnancy. It's an all-out thing, and it has to apply right across the board.

My heartfelt request to you is that you should show a certain amount of self restraint and also be happy with a rather smaller share. After all these shares will be large enough to prevent you from falling into the economic crisis which Europeans are already in and will probably be in for several years to come. It won't be possible to have an economic bloc with high rates of unemployment and with all the attendant political consequences.

It won't be possible to attack this Community already suffering with a trade policy offensive without getting a reaction from the people io the Community which will affect everyone and lead to a contagious development of protectionism.

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EXCHANGE OF TECHNOLOGIES

Mr. K. Urakawa

Executive Vice-President and Director
Ishikawajima-Harima Heavy Industries Co.

I would like to study the importance, review cases in point and predict the future of industrial cooperation and technical exchange between Japan and the European Communities, as seen from the standpoint of the Japanese shipbuilding, heavy machinery and plant engineering industries.

1. Importance of Industrial Cooperation and Technical Exchange

As you know, the world economy has not recovered from the recession that is overtaking the whole world simultaneously. Sluggish world trade has given rise to international concerns over protectionism, trade friction and technology friction.

If countries are to seek economic revitalization and maintain free trade under these circumstances, I believe they will have to raise their industrial technology standards and pursue industrial adjustment policies.

In addition to its efforts to use science and technology for the purpose of its economic and social revitalization, Japan must promote industrial cooperation and technical exchange, in such a way as to help other countries to revitalize their economies and to maintain free trade.

Looking back on the progress to date of industrial cooperation and technical exchange between Japan and EC countries, I would note that they have produced steady results from a number of operations such as joint ventures, joiot research and development programs aod cooperation in overseas projects.

Such progress has been made not only in the advanced technology area of industry such as computers, electronics and mechanical electronics, but in heavy machinery, plant engineering, shipbuilding, steel-making automobiles and energy.

2. Cases of Industrial Cooperation and Technical Exchange

First, I would say there has been a pattern dictating the evolution from technical introduction to technical exchange.

Introduction of a wide range of advanced European techoologies aod processes into the Japanese heavy machinery aod plant engineering industries set the condition for them to raise their technical standards after a series of refinements and improvements on what they had acquired. Since then, they have contributed to the iodustrial development of Japan and helped developing countries build up their industries.

New technologies developed as a result of improvements on what has beeo introduced from Europe are now being supplied from Japan to Europe as a step in their efforts to promote technical exchange between them.

Japanese shipbuilders have won worldwide acclaim for their advanced technology and high design capability. But most of the diesel engines that move the ships have been constructed in Japao through technology iotroduced from Europe. Japanese shipbuilders are deeply indebted to Europe for their diesel engine techoology.

Active technical exchange in this field of industry is producing steady results between Japan and Europe.

Second, I would like to point out some merits of technical exchange in the process of Industrial revitalization.

During the second half of the 1960's, we built shipyards and heavy machinery shops under joint-venture arrangements in Brazil and Singapore simultaneously at the request of the local governments and with our strategic intention of building fontholds for overseas production. This case did not end up as a mere transfer of technology under the terms of a technical tie-up. We were also given worldwide credit for the services of quality control, industrial management, professional education and other forms of business management.

Improving the valuable experience we have gained in this way, we have made technical knowhow available to Italy, in addition to the United States and Australia to help its shipbuilders revitalize their operations.

Major equipment for Japan'a steel industry is supplied by Japanese beavy machinery manufacturers which have acquired their technology from the United States and Europe. But in recent years, these companies are promoting technical exchaoge and cooperatioo with their counterparts in Britain, Italy, Fraoce, Belgium and Spain.

My third consideration is for cooperation in overseas projects.

In recent years, as overseas projects are becoming larger in scale, country risks increase and the size of markets scales down, overseas projects environment are severe as ever can be. Under these circumstances, the trend is for Japanese and European plant engineering firms to form an international cousortium as a means of entering into oegotiations.

A Japanese Ministry of International Trade and Industry survey shows that during the four-year period from 1978 to 1981, Japanese and European firms formed 27 international consortia with an EC portion at about $2,840 million.

We are united with a Belgian company in an international consortium to build Africa's biggest ever bridge in Zaire. Work on the bridge is progressing toward completion about one year and a half ahead of schedule.

3. Prospects of Industrial Cooperation and Technical Exchange

Finally, I would like to make some of my observations on industrial cooperation and technical exchange between Japan and EC countries.

Witb a view to promoting industrial cooperation and tecbnical exchange, the Japan Machinery Exporters Association has held consultations at regular intervals with EC organizations of machinery and plant manufacturers and engineering companies to discuss concrete measures for such cooperation and exchange, as well as common problems they have to solve in this respect.

Second, if Japan and EC countries are to smooth the way for industrial cooperation and technical exchange between them, they will eventually have to rely on the capacities aod the flow of interchange of those persons who work for them.

What is essential I believe, is a steady flow of personal interchange by training, recruiting and elevating talented people who will be able to display their abilities in the spirit of mutual understaoding.

We are prepared, to promote industrial cooperation aod technical exchange between Japan and EC countries, eventually to help restore a solid world economy.

Mr. T. D. Ross

Director and Group Public Affairs Coordinator
Shell International Petroleum Co.

It is difficult to add anything of substance to the contribution already made by the distinguished speakers who bave preceded me. My observations will be based on my experiences of seven years as President of Shell Companies in Japan.

I returned from Japan to the U.K. early in 1980 and I have to admit it was, in several respects, a depressing transition. It depressed me, first, to move from ao economy in which a fall in the growth rate below 5% per annum was held to be almost a national disgrace, to one in which any prospect of growth was regarded as salvation and there was in practice more growth anticipated in the periodic forecasts than in reality.

It was also depressing to observe — or at least conclude—that the traditional economic mechanisms involved io the past to restore growth were proving, to a large degree, inappropriate for addressing the present causes of the general economic malaise. Increasingly it is clear that the origins of the world's current difficulties are profound structural weaknesses and rigidities, national and international, which need different treatment. What is more worrying is the apparent tendency towards enhancement of those rigidities at the expense of a new dynamism which, in my view, is the only hopeful solution to our present difficulties.

The last cause of my unease derives from my last point — the understandable but, I believe, highly destructive "sauve-qui-peut" thought processes which appear to dominate national policies. Of course, the problems are profound and national governmeots are consumed with anxiety for their own constituencies. But this natural reaction seems destined to enhance both protectionism and tension at a time when, old remedies proving inadequate, entirely new, co-operative initiatives appear to be essential.

Those — and there are many of us — who have engaged fruitfully io business in Japan are saddened by what we sometimes consider to be undue emphasis on the impediments to constructive co-operation: which is why I am so pleased, as well as honoured, to be present at this Symposium. I am personally committed to the view that the restoration of a healthy world economy depends, as much as on any factor, upon combining the resources and expertise of the advanced, industrialized world — east and west — in a common endeavour to achieve the necessary restructuring.

We cannot ignore the fact that the tendency towards economic isolationism owes much to growing disparities in international competitiveness, no longer susceptible to exchange rate adjustments and the old monetary disciplines. Much of the basis of investment and employment — in all industrialized countries — now resides in obsolete plant and capacity that will never again have a viable existence in any open trading environmeot. Equally, in all industrialized countries there reside pools of entrepreneurial talent, advanced technology, risk funds which await the incentive of a restoration of growth potential to turn that poteotial into achievement.

Unless these competitive disparities are addressed with priority — and this requires an ioternational flow of technology with all the complementary resources on a multinational basis — it seems probable that they will grow and the problems we now face become increasingly intractable. I cannot believe that any of the participants, including those apparently most able to cope in the present climate, will find that beneficial in the longer term.

To identify — or suggest — a solutioo is easy. It has to be admitted, however, that its achievement presents particular difficulties, not least those of achieving a common "wavelength" between Japanese and Western partners. The learning curve of the art of constructive co-operation for both has a shallow slope and I believe one should be cautious about referring too often to many difficulties to be overcome as "barriers". There is, indeed, some danger in so emphasizing the difficulties as to deter those who would otherwise be prepared to learn and make the effort to overcome.

To give one example, my companies which had already had 75 years of operating in Japan — and sometimes against daunting odds — took over two years to negotiate a Technical Service Agreement with our long-term partners. Among the problems was the difficulty of identifying convincingly the expected benefits to the partners of access to the Shell Group technology which was covered by the Agreement. lo the event, agreement was reached and proved mutually beneficial. I firmly believe, however, that the successful outcome owed more to relationships of mutual trust that had been built up over the years than to any assessment of hard commercial realities.

For those of us in Europe, the problems of achieving this basis of mutual trust are enormous. Nor should we underestimate the corresponding problems for our Japanese friends. There are barriers of language, of national cultural and commercial traditions, the difficulties of identifying, interpreting and assessing relevant regulations, of differing time scales in commercial objectives and planning, of different attitudes to contract and, above all, of going beyond the superficiality of politeness and the impatience of dynamic management to achieve relationships of mutual respect and understanding.

It may be difficult. But it is not impossible, as witnessed by the successes we hear of less frequently than the failures. As I have suggested, the achievement of such mutual understanding may well be crucial to a restoration of the world to economic health.

From left to right, Mr. Masafumi Misu, Advisor to the Board, Hitachi Ltd.; Mr. Karl Rudolf Stahl, Member of the Board of Management, Robert Bosch GmbH; Mr. Naohiro Amaya, Special Advisor to the Ministry of International Trada and Industry; Mr. Edmond Pater Wellenstein, Special Counsellor to tha EC Commission.

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EXCHANGE OF TECHNOLOGIES

Mr. Y. Ohnaga

Vice-President
New Energy Development Organization

Since the oil crisis of the early 1970's, world energy prices have risen to startling high levels. This has created considerable confusion and stagnation in the economies of many countries. The efforts in these countries to strive against these difficulties have provided valuable lessons to us in the field of energy.

Japan depends almost entirely upon imported oil for its energy requirements. In the light of the instability of this energy structure, a broad concensus has been reached on the necessity for moving ahead with the development of new alternative energy sources along with reassessment of coal resources and promotion of nuclear power generation. International supply and demand for oil is clearly heading for tighter times over the medium and long term. Japan recognizes the development and introduction into use of new energy sources as an effective means to mitigate its overdependence on oil.

"New energy" here means such alternative energy resources as liquefied and gasified coal, solar energy, biomass, geothermal energy, wind energy, and so on. Japanese long term energy supply and demand forecasts assume that such new energy sources will fill approximately 10 percent of Japan's total energy demand by the year 2000.

The realization of such a massive supply of new energy will clearly necessitate the vigorous promotion of technical development. There are, as I see it, two aspects to technical development in the new energy field. First, sucb development should be conducted through the integration of industrial technology in the chemical, metallurgical, mechanical, and many other fields. Second, progress from the basic research stage to commercial use stage through the resolution of individual research problems will require a long lead time and massive research and development funding.

The New Energy Development Organization, of which I have the honor to be the vice president, was established three years ago as a governmental corporation in order to promote such research and development in new energy and to assist in the rational development of coal resources in Japan and abroad. NEDO engages in the technical development of new energy, such as coal liquefaction and gasification, solar power generation, and the like. At the present, most of its research and development projects are under bench scale test plant stage and approaching at the more sdvanced stages of research and development.

The promotional system and mechanism for new energy research aod development differ in each country. This, however, does not mean the differences in the enthusiasm of such countries to solve their problems, but rather differences in strategy as to the best, most effective approach to map out.

International exchange of technology can play a great role in bringing research and development of new energy to a success as efficiently and in a short time as possible. The importance of this role can be easily understood from the fact that when the sdvanced nations agreed at the past Summit meeting on the exchange of technology, one of the principal areas designated was new energy technology.

At the present time, NEDO is engaged in three main types of technology exchanges. First one is joint research and development project, such as the joint research, development and demonstration programme on hot dry rock technology with the U.S. and West Germany, the research and development cooperation with UAE on seawater desalination utilizing solar energy, and the cooperation in research on coal liquefaction with the People's Republic of China.

Second is the technology exchange through the exchange of information. Examples of this are the participation in several projects for the development of technology for coal utilization in the IEA and cooperatioo in solar energy technology with France and Australia. In addition to this, NEDO invites tecbnical experts from abroad for discussions with Japanese experts to promote tecbnical exchanges.

Third, there is the direct use of foreign technology. Though not so many so far, the contracts for surveys and evaluation of geothermal resources have been made with U.S. and New Zealand Companies.

Since NEDO is a young organization, technology exchange with foreign parties is just at the beginning of building up experiences. In the future, however, it may be expected to enhance such activities in the field of coal, solar, geothermal and other new energy technology development in accordance with the progress in its projects.

In the sphere of technology development, it is widely accepted that great efforts to emulate will bring solid and sound indigenous lechnology advancement for each party involved. At the same time technology exchanges further promote the development and advancement.

Optimum mix of these two elements will best contribute to the settlement of our common energy problems of Japan and the West.

Mr. Carlo De Benedetti

Vice-Chairman and Chief Executive Officer
Olivetti and Co.

The industrialized countries are now facing the most serious recession of the postwar period. The crisis is clearly of a structural nature, and fundamental decisions need to be made urgenlly. The responsibility of these decisions lies essentially witb the world's three major economies, the United States, The European Community, and Japao. A new cycle of growth will only be possible if constructive talks are launched among these three areas, and if interdependent targets for readjustment and growth are defined in a free trade spirit. Our target is to launch a new cycle of growth at the earliest opportunity, growth of an entirely different nature which involves a greater number of participants. The basis for these developments must include living standards, the expansion of knowledge, and a real and lasting advaoce in quality of the economic conditions of the emerging countries. The only alternative to this new phase of human growth will be the worseniog of depression aod the reduction of trade. This will mean a decline and fall in living conditions for every country with no exceptions. The purpose of this meeting between entrepreneurs and government representatives must be a realistic and constructive one. There is no more time for postponements.

Electronics technology is at the heart of this great transformation, and it is also at the heart of the problems and difficulties abstructing the dealogue between Europeans and Japanese.

Let me mention some of the figures of trade between Japan and Europe in this sector. In Europe the electronics sector accounts for over one third of its oversll deficit with Japan. It is more than 5 billion of the 15 billion dollars altogether. Within the electronics sector, Europe's deficit with Japan increased 40 times during the 70's from 100 million dollars to 5.4 billion dollars. In 1980 imports from Japan accounted for 95 pct of total import plus exports between the two areas while European goods represented only 5 pct of this trade. This terrible situation applies not only to consumer electronics but also, to an increasingly alarming extent, professional electronics. In particular, in the active components field, trade deficit with Japan increased almost 80 times during the 70's. In telecommunications Europe's deficit with Jspan increased 32 times during the 70's. Europe's trade deficit with Japan increased 120 times. In 1980 the overall electronics trade balance, data processing, telecommunications, and consumer electronics showed a surplus of 16 billion dollars against a 6.5 billion dollars deficit for the corresponding European balance. These figures point to the worsening and now untenable imbalance between Europe and Japan in areas of such strategic importance for the creation of future growth.

I do not believe that Japanese entrepreneurs can delude themselves that they cao continue this strategy. Trade policies based on one-way export flows and on systematic conquest of market segments and which lead to the total destruction of the national eoterprise are increasingly anachronistic and unacceptable. If these policies are continued the crisis will worsen, and there is no doubt that the climate of trade war will iotensify. Crisis such as Poitiers will multiply. However we need to be very clear that the cold and the new Poitiers in Europe and io Japan will not save christianity but will impoverish both Christians and Saracens. The net export model must be replaced by a stronger Japanese industrial presence io the various markets and by the creation of balanced import export flows designed to limit trade deficits. We must realize that supply and demand are becoming more colsely linked. It is possible to export and sell if there is a market which is prepared to buy.

The Japaoese electronics exports are a great worry for Europeans, but it is also true that they cannot concern themselves with the development of their electronics industry in Europe. They must realize that Interdependence among different economic areas is growing fast. Each area must be a good supplier, and at the same time a good market. The search for new forms of interdependence is vital to the survival not only of the European industry but of the Japanese industry as well. The Vice President of the European Commission Etiene Davignon has already expressed this on several occasions. And the EC-Japan symposium in Japan in November 1981 clearly stated if European industry cannot count on Japan then Japan cannot count on the European market. It is Japan's and Europe's common interest to avert the prospect of trade wars. It is in their interest to create a balanced, competitive climate which provides maximum opportunities for market growth and industrial readjustments, with the minimum of social problems. Interdependence must be fully exploited by promoting the expansion of company structure integrated internally within Europe, and externally with the Japanese and U.S. industries. Electronics is too important a challenge for the future of the international system for this opportunity to be wasted.

Growing interdependence and independence mean a effective Japanese presence in Europe and at the same time an effective European presence in Japan matched by conditions of parity on the national markets. Success in exports is not enough to achieve an effective presence especially in electronics. A solid presence must be established with research, production and marketing activities in the countries concerned. Effective flow of goods and know-how must be built up and opportunities for equity investment in companies outside national borders be created. As an entrepreneur I bave always aimed at integration and effective insertion at the countries where I operate. I believe that you must be American in America, European in Europe, and Japauese in Japan. Microelectronics and the new information technologies are areas in which barriers are not permitted. Electronics is highly expensive by nature. Electronics knowhow cannot be easily be bound by bureaucratic regulations and custom barriers. We should proceed in the direction suggested by the technology itself, accelerate its progress to accumulate this common technological capital and utilize it for everyone's maximum benefit. A coordinated development of electronics technology can effectively combat the climate of suspicion, fear and isolation, which seems to characterize relations between the industrialized countries in the face of the structural crisis. For this reason, we should not oppose technology's tendency to create new and closer ties among the world's different industrial areas in terms not just of products, but of knowbow and capital flows.

Today the condition exist for extremely positive cooperation between Europe and Japan in researching the new developments in information technologies. The European Community has launched "esprit," a longterm research programme in this field, to which the entire European Industry bas adhered. Japan has simultaneously set up a project for the development of fifth generation computers. These two programmes could, if linked, achieve an extraordinary degree of energy and enable concrete proposal for industrial interdependence between the two areas to be formulated. Of course there is still a great deal of work to be done to achieve industrial integration within the European community. We should always bear in mind that the European electronics industry can survive only if we overcome the shortsighted national viewpoints which have prevailed in the past.

I am certain that this process of cooperation, integration and increasing interdependence is possible. Indeed that is the only path open to an entrepreneur today in any sector but above all in electronics. This is the philosophy on which my company's philosophy has been based in the last few years. Olivetti has constantly sought to expand its technological heritage by creating an international network of equity investments in innovative companies, joint ventures, technological agreements, thus establishing an efficient system of technological exchanges for us and for our partners.

Olivetti achieves two-thirds of its sales outside the domestic market. For this reason we have always been in favour of the widest possible freedom of trade, and of the removal of protectionist barriers. We believe that only a market which is truly open to international competition permits maximum development of demand and continually tests the efficiency of our entrepreneurial activities.

For many years, Olivetti has also practiced this philosophy of international integration in its relation with Japan. A wholly-owned Olivetti subsidiory, Olivetti Corporation of Japan has existed in Japan for over 20 years. In Japan Olivetti is the largest Italian operation with 1600 employees, only three of whom are not Japanese. In 1982 Olivetti Japan recorded sales of 105 million dollars. Olivetti is considered as the most prestigious non Japanese company by your young people looking for their first jobs. It expects its own products manufactured in Italy and in other countries; acquires components, products and knowhow; exports knowhow; manufactures under license, and cooperates in design activity with Japanese companies. These activities constitute the continual flow of exchanges whose importance is not limited just to the trade balance. This long experience has not been and is not without its problems. I am convinced that much has been achieved, but that much still needs to be achieved to strengthen the complex relationship Olivetti intends to have with Japan. Greater flexibility is required from Japan, especially in accepting the free trade principle in opening national market.

New and stronger ties must be developed with Japanese industry. I believe that in this same spirit constructive new links can be established between the other European industries and Japan in order to make more effective use of the new technologies and return to a process of international growth.

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RESEARCH AND DEVELOPMENT

Mr. S. Ishizaka

Director General, Agency of Industrial Science and Technology, MITI

First, let me say the development of technology, particularly high technologies, helps to expand the new frontier of the economy and contributes the revitalization of the world economy. The developed nations should therefore cooperate for the promotion of such technologies. Second, such technological development and the results generated need to be handled in a mutually open manner among the industrialized nations. The technology exchange, for instance, should not be restricted. Third the role of government in technological development is a major one. The government is expected to improve the climate for technological R & D, and take over from the private sector the R & D projects, which are risky and which require a long lead time and huge amounts of capital.

What is the present situation of research and development in Japan? It is characterized by a high share of private sector in comparison with other nations. In 1980, expenditures for R & D in Japan amounted to approximately ¥6,000 billion (US$27 billion). Japan ranks second after the United States and West Germany among the nations of the free world. Of this amount, the private sector accounted for about 70%, remarkably higher than 50% in Europe and the United States. This holds still true even when the defense-related R & D are excluded.

However, let me hasten to add that the role of the Japanese government in R & D is not unimportant. Japan's R & D policy is based on the principle that the success of technological development in Japan depends on "how" the vitality of the private sector is enhanced.

Next, I would like to explain the status of R & D activities of the Japanese government. In our country about 50% of the total budget allocated for R & D is invested in basic research at universities, while about 25% is spent on sciences as nuclear energy, space, and marine, which are conducted by the Science and Technology Agency. The Ministry of International Trade and Industry (MITI), where I work, is engaged in the R & D of industrial technology. We get about 15% of the total R & D budget or ¥200 billion (US$1 billion).

As you can see, the ratio of MITI's technological R & D budget to the total national science and technology budget is not necessarily so large, but in implementing our technological R & D, there are two important elements which complement esch other. First is the role of research institutes. The Agency of Industrial Science and Technology of MITI has 16 research institutes, and approximately 3,600 researchers — or about 30% of MITI's total staff — are engaged in activities related to almost all fields of industrial technology.

Second is the effort to cope appropriately with the needs of technological development. For this purpose, it is essential to take stock not only of the moves of technological development in the private aector, but also of industrial energy, and trade policies that have ao impact on industrial structure, consumption structure, environment, and so on, with the long-term perspective. Furthermore, the government's role should be not only to define the direction but also to be more specifically "action-oriented". MITI aims at the development of broad, long-term but at the same time specific policies.

MITI'a so called 'national projects' involve the government's R & D, whicb also use capabilities of the private sector if the national researcb institutes are short of man power. The results obtained by such projects belong to the government to which non-discriminatory access is guaranteed, be it by Japanese or foreign entities.

Some of these national projects, include the Sunshine Project for new energy, the Moonlight Project for the energy conservation technology, and the "large-scale projects" iovolving high risks and requiring a long lead time for R & D, which cannot be handled by the private sector. Also, in fiscal 1981 we initiated the next generation projects with an eye to further our basic research and develop technologies which will become the basis for future industries. New materials, new electronic devices, and biotechnology are such examples.

I would now like to touch upon the two main directions the industrial technology policy in Japan will take in the future.

The first is to promote creative technological R & D which makes full use of inteltectual capacity, possibly the only resource our country has. In order to enhance creativity, efforts should be made by industry, academia, and government independently, and also for the these three sectors to cooperate effectively. And we believe MITI and its institutes should play a central role in this endeavour. The second involves the promotion of international cooperation in technological R & D. In recent yesrs, the scale and the risk involved of the technological R & D project have become considerably bigger. Also, we see more and more issues which cannot be handled by a single country but require global measures. In order to conduct technological R & D efficiently, nations should cooperate and tackle such issues together. We believe this will be the worldwide trend of the future.

It is also our belief that in the future we should positively promote R & D cooperation with the EC. Such cooperative activities have been expanding steadily. Currently, certain concrete results have been achieved through cooperation with the EC nations such as R & D on energy within the framework of IEA, and cooperative efforts under a bilateral agreement on science and technology with France and West Germany.

Lastly, I would like to emphasize that there has never beeo a greater need for the developed nations to work in harmony for the revitalization and growth of the world economy than today. At this very moment, the financial state of Japan is under extreme stress just like EC and the United States. Budget has been cut in comparison with that of the previous fiscal year. R & D budget is no exception. However, it is in times of such economic stagnation that revitalization is most needed. It is very important that at this moment nations will cooperate effectively in pioneering basic research areas of high technology. And Japan wishes to further promote international cooperation with EC and various nations of the world by such means as active exchange of researchers.

Mr. U. Colombo

President
Ente Nazionale Idrocarburi

I am an old friend of Japan with a rather long lasting personal working experience of technological cooperation with the Japanese industry, in both the private and public sector. In all these years, I have developed a feeling of admiration for Japan's achievement and for the quality of its people and for its industry: frugality, ingenuity, teamwork, not based on a complex detailed form of planning but rather well defined long term strategy based on a few simple ideas carried out by way of policy of consensus-building of which we are not as capable. Most of all, I admire the Japanese capability to produce useful innovation aod to conquer important positions io the international markets whicb is a must for a wealthy industrial heavily populated country deprived of natural resources and therefore obliged to base its strategy on foreign trade and also obliged to keep abreast and to keep ao edge on a selected number of advanced and less advanced technologies and industrial sectors in order to keep and improve its ability to export in both developed and developing countries.

I am convinced, however, that Europe too has a bigh innovative capacity and an even higher potential for further innovation. We are strong in several important technological and industrial sectors and should look with a positive eye, with no inferiority complex to a closer and wider economic relationship with Japan — a relationship which must ever more be based on technological cooperation.

First a few remarks of general nature on the relative impenetrability of the Japanese market.

Setting aside the question of how reciprocal trade is and how open the Japanese market really is to European products and technology the fact remains that European exports, and even more European industrial undertakings in Japan, are blocked by a host of factors. And many of these elements cannot easily be assessed in quantitative terms: elements like the preservation of strong traditions and ways of working that are so different from those of the Western countries. All this ultimately makes Japan seem highly impenetrable.

As things stand, Japan tend to export more goods than its domestic market seems to need to import, and the nation tends to choose foreign technology that is indispensable for beefing up or launching certain sectors and businesses.

Technical and scientific cooperation and technological exchange are fairly lively, however, and they cover a broad spectrum extending from basic research to energy, environment, food, materials processing technology and consumer goods. All examples of joint efforts show that Europe and Japan are complementary. Indeed this complementary quality goes far deeper than it might seem on the basis of actual technical cooperatioo and trade exchange between the two areas, and this goes notwithstanding the obvious fact that on both sides it involves highly industrialized nations.

Japan has concentrated its efforts on a *high degree of specialization* in a certain number of technologies and industrial sectors, and the nation is shifting the fulcrum of its business towards the leading oew technologies aod sectors. This means that there is a great imbalance in the production structure and a corresponding imbalance in the domestic market. What makes this tenable in Japan is the tradition of frugality of most of the Japanese people. They do not feel as strong a need as we Europeans do for goods and services, which domestic iodustry and the domestic market offer in fairly small quantity and modest quality.

It is different with Europe. Europe is not a single nation, nor is it likely that it ever will be in terms of total solidarity and uniformity. Europe's geography, culture, and production are extremely complex. It has a long tradition of high standards of living, with sound social and service structures. Granted, Europe seems to be less involved in the basic technology of data processing and telematics, whicb should be the backbone of the society of the future, the post-industrial world of services. But it is also true that these technologies and this backbone are merely the *necessary infrastructure* for that society, while the quality of those services and their suitability to market need will depend on a host of other technologies such as 'software' which represent one of Europe's particular strong points.

The present situation is a difficult one but if we do not want to enhance the risk *of increasing protectionism* we must then look to that complementary aspect I referred to in order to create a truly mutual and reciprocal system of exchange between Europe and Japan — exchange of products, services, technologies and plants. Europe must not be afraid of the arrival of Japanese production and technology, and Japan must expand, on the other hand, its market and open its society to broader needs that will make room for European producers and industries. Promoting interchange does not mean merely a reduced risk of protectionism. It means increased oportunities, and that is tantamount to saying more wealth for all.

This process of interchange, then, must be fostered at all levels, from research to trade exchange and new openings for production structures, and it must be extended to all; to research institutions, industrial concerns, economic bodies and governments. Everything will be of vital importance, whether action involves specific one-time matters or more general strategic views. And where research and technology are concerned, what is always most importaot are general approach instruments.

The first kind of instrument is skeleton *and operational agreements covering* broad sectors of possible joint action by large concerns. I should like to cite the example of ENI, which has drawn up a skeleton agreement with Japan National Oil Corporation and has set in motion a whole host of undertakings with Japanese concerns. These undertakings have iovolved the sale of ENI technology such as urea process, enzyme retaining fibres and furnace design techniques, and they have also involved the acquisition of Japanese technology including process for polyamide and acrylic fibers or for polycarbonates. Joint investment has already got underway.

The second instrument I should like to mention is cooperation on the basis of agreement between governments as was suggested at the June 1982 Versailles Summit of the seven most industrialized nations. More than twenty projects have been agreed to. They involve energy resources, food, the advancement of scientific knowledge and improvement in standards of living and working conditions. The seven summit nations as well as the European Community are involved in these projects sometimes as participants and some cases as leaders. One example is the photovoltaic solar energy which involve Japan, Italy and other countries of the EC. I could quote many others in the energy area, in electronics, io robotics, in *biotechnologies and so forth.*

These study projects and action programmes touch on fundamental features for the solution of problems common to our countries and even to the whole world, in connection with basic questions of energy and resources, labour and employment, and boosting the economy. These projects and programmes represent an *essential tool for cooperation* aod they also represent an instrument for increased understanding and cooperation between Europe and Japan. Indeed, this mutual understanding of each other's situation and a willingness to act for the common good for all, with room for everyone — instead of turning in on ourselves in the fruitless defense of contingent interests — these things, in my view, are the best way of facing the serious problems of our time.

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RESEARCH AND DEVELOPMENT

Mr. A. Ohuchi

Vice-President
Nippon Electric Co., Ltd.

The global economic recession which began with the oil crisis continues at the present with no hope of recovery in sight. I feel, however, that there is a deep, and strong current swirling behind this economic stagnation. I believe the world is going through a change in industrial structure, industry has been shifting from basic materials to processing/assembling and finally knowledge intensiveness. In other words, the world is changing to an information based society.

I have been involved in the electronics industry for over 40 years. I feel strongly the advances being made today in technology, especially in electronics technology. I can see the contributions the electronics technology have made to economic development. Telecommunications networks, televisions and other home electronics, computers and IC's have played a large role in economic growth.

I believe that to break the global recession, the most important thing is to speed up the pace of technical development. We at NEC believe the future direction of technology necessary for an information based society lies in so-called "C&C". The recent startling technical advances in the field of electronics have, arisen through the greater mutual access of distributed processing and the digitalization of communications. Both of these have been made possible by the rapid progress in IC's and other semiconductor technology. We see "C&C", that is, computers and communications, as fusing together completely around the year 2000. This belief is fortunately coming into greater acceptance around the world. We believe the extent to which countries join hands for research and development in this field will be an important topic in the future.

No one looking back over the history of science and technology can fail to note the brilliant achievements of Europe. Even if one focuses on just the electronics field, one can see the strength of Europe in basic and creative research and development. One of Japan's scientists, Dr. Reona Ezaki, won the Nobel Prize for his discovery of the tunnel diode in 1957, but the existence of the tunnel effect of semiconductors had been forecast in Europe a quarter of a century earlier. The "Josephson element," which has recently drawn attention as one of tomorrow's computers, is based on the theoretical contributions of Mr. Josephson of the United Kingdom. In the computer software field, the famous "PROLOG" language, able to handle both knowledge and theory, was born in France and further developed in the United Kingdom.

The fruits of this superior research, *however*, are *not necessarily* being enjoyed by the presentday EC electronics industries. Technical development only becomes useful to the general public when the fundamental innovation leads to product innovation and to process innovation. Japan has had the jump on other nations in this respect. Here, let me say that I cannot agree 100 percent with the Western criticism that Japan is merely a good imitator. The production of good products at a low price is a creative art in itself and demands a quick sensitivity to user needs. I would like to stress this point to the EC representatives in attendance here today.

On the other hand, I would like to point out that Japan has been reaching a fairly high level in innovative technology. One of the technologies behind "C&C", is opto-electronics. And the principle of optical fibres for transmission of light was first proposed in Japan. Further, a look at the number of papers submitted to the International Solid State Circuits Conference, a frontline academic organization in the field of semiconductors, shows Japan accounting for 30 percent, second only to the U.S. with 60 percent. In this field, Japan may be said to have reached a technical level comparable with the EC.

The same may be said for trade in technology. Japan's exports of electronics technology are still less than its imports, but have been growing at a rate three times that of imports. In the field of semiconductors, NEC is now taking in roughly the same amount of money from the U.S. and Europe in patent licencing and know-how fees as it is paying out.

These examples would seem to show the existence of innovative inventiveness among the Japanese as well.

There is one point I would like to mention. And that is that technical development in Japan has been led by the private sector. That competition provides the drive behind economic development in an economic system has been clear from theoretical and actual research since Adam Smith. Competition also is extremely effective in spurring on technical development as well. According to a recent report on industrial competition published by The European Management Forum based in Geneve, Japan ranked number one in future orientation. The report stated that the share of research and development expenditures of private corporations in total research and development expenditures was an extremely high 71 percent in Japan as compared with the 41 percent in the United Kingdom, 41 percent in France, and 53 percent in West Germany. By way of reference, the share of government subsidies in the research and development expenditures of the Japanese electronics industry was only 2 percent even for the large corporations. And, in most cases, those subsidies had to be paid back in the future if any of the subsidized projects generated profits.

In light of the above comments, let us now consider the potential for interchange in research and development between Japan and the EC. I believe it is possible to significantly cooperate in and coordinate efforts in the research field. At the very least, I believe that it is possible to engage in significant joint research in the field of fundamental basic technology for the next 10 years. However, there is also a need for competition in the field of development.

In line with this thinking, I would propose the following method of exchange. First, for large-scale projects such as the "fifth generation of computers", for which research and development is now being carried out by Japan on a 10-year schedule, I would propose the direct participation of the world's leading scientists as the best and shortest method for completion. For projects where the technology it would be best to cooperate with each other rendering advantageous points among individual countries. This would hold true, for example, in the research and development of software for the next generation of computers.

Second, I would propose further exchanges between academic organizations and increases in the interchange of researchers and students between Japan and the EC. The interchange of researchers between Japan and Europe is still small compared with that between Japan and the U.S. and the U.S. and Europe and there is more than enough room for improvement.

Exchanges in research and development on the individual corporation level are also important, however, first, corporations can mutually become "second sources." NEC has, for example, concluded a second source contract with Intel of the U.S. for microcomputer IC's, enabling both parties to exchange technology for their own specialities in IC's. This formula should also be effective between Japan and the EC. Second, Japanese and EC companies investing in each other can employ local technicians for the development of new products appropriate for the local countries. Recently, NEC set up an IC manufacturing base in Scotland. It soon expects to see its British and Japanese engineers pooling their mental resources for the development of state-of-the-art IC's.

Looking at the world as a whole now one notices the vast number of problems. Needless to say, these problems arise from the differences in culture and language, which create confrontations of opinions and mutual misunderstandings. NEC believes that "C&C" technology can provide one of the means for resolving these confrontations and misunderstandings. The reason for this is the automation of translation and interpretation. The lack of a common language between the leaders of the EC nations has resulted in a lack of accurate communication of intentions. If such a language barrier really exists even between nations in the EC, then the size of the barrier between Japan and the EC can well be imagined. While the Japanese language I am now using is being translated into your native tongues through interpreters, this would be greatly facilitated by automation. I propose joint research and development between Japan and the EC in automatic translation and interpretation machines. This would, among other things, help overcome the perception gap between Japan and the EC.

In closing my speech, let me draw your attention to the fact that this year is the "year of world communications" and the year in which the so-called olympics of telecommunications, "Telecom 83," will be held. It is my hope that 1983 will be a year in which the world takes a giant step forward toward the research and development of a system contributing to mutual world understanding.

Mr. P. Aigrain

Scientific Advisor to the
President of Thomson Group

I noticed that my biographical profile includes the fact that I was born in Poitiers, which might not be the best introduction at the present time for a Japanese-European Symposium. I would like to concentrate my short presentation on only one part of the programme, namely, the cooperation in scientific and technological areas at the level of industry.

The distinction I am going to make is not that between the public and private sector but that between government and companies, whether they are government-owned or private, which are engaged in the production of goods and services on a competitive market especially on the world market. There are many projects which can only be handled by government and government laboratories. These projects have already led to a lot of cooperation that could be developed. It is not an area in which we should meet with much difficulty in extending cooperation between Japan and EC.

But if we look at the problem of scientific cooperation, between companies which are at the same time in competition, that it always a much more difficult problem. And I would like to say right away that governments are not always in the best position to promote such cooperation. In fact, governments were never planned to organize to promote things but to block things.

Most of the possible development of cooperation, therefore, must come from direct industry-to-industry or laboratory-to-laboratory contract and the development of mutual trust. No cooperation is possible between competing companies unless they are convinced that it would yield a mutual advantage. It's not a problem of one company gaining and the other losing. Cooperation is possible if both companies (or they may be more than two) which are cooperating on a project are convinced that this cooperation is going to be beneficial. And that's difficult, and it is especially difficult between the Japanese and the European Communities companies. I am not going to dwell on the cultural problems, for these are real enough. But there are further problems. One of them is representation of each other's attitudes, and capabilities.

The image of France in Japan is still to a large extent, that of a country of wine, cheeses, fashions, and so on. And to some extent, the country which has succeeded in very big projects like the airbus but not very much in the other areas. Now I am a great believer in wines, in cheeses, in well-dressed women, so I am not going to claim this is not important. But I think that France is much more than that, and this is not always well understood in a country like Japan. I don't say this is a fault of the Japanese. It's to a large extent the result of insufficient information on the part of the French.

The same goes for the representation of Japanese industry in EC countries, it is much too often lilted. I agree with Dr Ouchi that developing a high quality product which can be made cheaply and fitting the market needs is just as creative and undertaking as getting the first idea in doing the preliminary R and D. But it's a fact that on the whole the preliminary research leading to the point of feasibility has been carried out mostly in Europe and the U.S., and the Japanese have been mostly doing this second very important part. Unfortunately, this does not lead to a balance cooperation. It is much easier to reap industrial and commercial advantages from the final development than from just getting the idea. And getting ideas is not cheap. I believe a great effort has to be made to change this. And this is where Governments can help. We must also be careful in destroying misconceptions and develop mutual trust. In the second place, both Japan and the Community must also strive to take corrective measures to improve the situation. I think there are some tendencies for going this direction. Professor Ishizaka mentioned, for instance, Japan's efforts to increase creative R and D work. Similarly I think we must try to increase the percentage of R and D which is carried out by industry, which is controlled by the industry, and is therefore paid by the industry.

Now I would like to cite the case of my own company. I am a president of a company with the main subsidiary of Thomson Group, the Thomson CSF, which is spending 12 percent of its revenue on R and D. This is probably the highest percentage of any large company in the world. So there are exceptions to the rule even though European companies have not been spending quite enough on R and D development.

I believe, therefore, that the steps recently taken by the French Government to give tax incentives for increases in R and D spending are right ones. Incidentally this system of tax incentives has existed in Japan for thirty years, and it may have had a great influence on the development of a remarkable R and D capability in Japan. Each side could learn from the other by observing each other's administrative, fiscal, organization and educational methods. Both governments and companies can help on these points.

Now if we go in this direction, if we correct both misconceptions and distortions where they exist, I believe a direct industry-to-industry contact will make industrial cooperation in R and D more frequent and more efficient. This cannot be wholly achieved by governments. Government commitments are important in that they give a certain degree of guarantee, and that when an agreement is reached between companies, the governments won't block it. But only company-to-company direct cooperation can really be efficient for that part of the subject which I was trying to address.